

TECHNOLOGY DEPARTMENT

Vol. XXX, No. 10

TECHNOLOGY DEPARTMENT

Insurance Number

First Copy

October, 1928

# CREDIT

## MONTHLY

PUBLIC LIBRARY

FEB 25 1929

DETROIT



INSURANCE—  
the Parachute of  
American Business

# The Debtor Merchant



COULD you but walk into his store, visualize his character, review his methods and examine his records the matter of credit extension to the merchant would be simplified.

With the universally wide demand for hardware and the tempting profits its sale offers, many types of characters are attracted to the trade. This condition creates the need not only for rigid credit scrutiny but advice to the merchant on sound business methods.

One of the first recommendations that the credit executive should make is for complete insurance coverage — to protect the merchant against loss and to keep your credit secure.



## Globe & Rutgers Fire Insurance Company



*Destruction of Spanish Fleet  
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"YOU may fire when you are ready, Captain Gridley." That quiet command issued by Commodore Dewey opened the onslaught upon the Spanish fleet in Manila Bay. Within six hours one of the most decisive and overwhelming naval battles of the world had been waged and won. And not an American life had been lost!

Such victories with an unwounded victor are rare indeed. The Home, now in its seventy-fifth year, has undergone many onslaughts by ravaging fire and emerged scathed but unhurt, ready for the next catastrophe, ready to pay all losses and maintain her high insurance standards through her efficient and service-giving agency system.

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and Insurance  
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when so much is at stake.



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## An Old Man Wants to Fight

THE Adjustment Bureau of the Memphis Association of Credit Men, approved by the National Association of Credit Men, has received the following letter from an attorney:

Sirs:—The above claim is not worth a Continental d—. I regret to so state, but paying debts is fast becoming a lost art, and what the world is coming to I know not. When I was a youngster at my old home in Southern Illinois a man that would not pay or make any honest effort to pay a just claim, was blackened and held in contempt.

In my office now I have claims against Peter Pushroot, Jake Leskwiley, January Pegout, Givvadum Jones, Bill Riley Rogustus, Diabolical Jim-Andy, Joe John Sooke, Blue and Peter Pitwad and a host of others. When we try to realize we are met with such suggestions as—

"I hain't got Nawthing and ef you kin git it before I do Jiss sale in."

That makes an old man want to fight.

The only sensible thing to do is to return the claim. Holding it would be a nuisance to both your and my office.

## Price 25 Cents, Value \$100

MERRITT FIELDS, Executive Manager of the Indianapolis Association of Credit Men, quotes a leading banker of Minneapolis as saying:

"The August issue of the CREDIT MONTHLY was given more than an hour's consideration by our Board of Directors; and we would willingly have purchased the information contained therein in the open market at a price of \$100."

## Definitions

Bankrupt, n. (From bang, an explosion, or bust; and *krupt*, to bribe.) One who busts, and often, if badly advised, corrupts witnesses.

Okay, v. (From *oak*, typifying strength, reliability and *aye*, to approve.)

DR. REGIUS PATOFF, Professor of Triviology at the University of Rien, is compiling a "Credit Lexicon" and has asked the CREDIT MONTHLY to invite members of the credit fraternity to contribute to his book definitions of words used by them in their business. Two such contributions were printed on page 30 of the August CREDIT MONTHLY. Two more are given above. It is hoped that Dr. Patoff will soon have the manuscript of his book complete. Although he is deeply interested in the subject of Credits, he writes that he cannot hope to produce the volume without the assistance of the men and women who are working in this field.

# CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

RODMAN GILDER, Editor


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Vol.  
XXX  
No. 10



AN unexpected explosion may seriously affect the solvency of those to whom you are granting credit, for nothing can demolish property more completely than explosion.

Especially in congested areas should this hazard be carefully investigated. During the past year millions of dollars damage has been done to property within the radius of explosions which occurred in most unlikely places.

The safeguarding of credit demands that you consider the explosion hazard. And for positive protection it follows that you should specify Explosion Insurance in strong companies like those listed.

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Galloway

# Farmer and Credit Manager

*By Stephen I. Miller*

*Executive Manager, National Association of Credit Men*

IT can be said emphatically that everybody likes the farmer, that everybody likes to see him do well. The smoke that rolls out of the chimney of the modest country home in the early morning tells the world that he is industrious. A survey of the tax rolls of the United States will indicate that his is a mighty payment. All that he has can be seen and all that is seen is listed under the general property tax. All in all, he is a good neighbor, a good citizen, a good credit risk and a fundamental factor in the economic system.

The kernel of the farmer's problem can be stated in a few words. The supply of agricultural products is comparatively inelastic. This means that from year to year it is difficult to keep supply in such relation to demand as will leave the farmer with a constant and fair return. When prices are low farmers do not quickly leave the farm and reduce the supply. As a result of this failure to regulate the flow of agricultural products, hard times continue with the farmer for long periods.

This condition is inherent in agriculture and can not be changed by government or economists. The farmer can help himself by a greater diversification of crops and by the introduction of every possible economy in the conduct of his business.

Along with others the farmer shares in another weakness and waste in our economic system. Between producers and consumers are tens of thousands of distributors who should not be in business. These middlemen compete without due regard to business standards; they decrease the average turnover per distributor; when they fail, they glut the market with bankruptcy goods. These wastes increase prices paid by the consumer. They could not stay in business if credits were more carefully analyzed by Credit Departments. When they are eliminated prices will go down. When prices go down demand will be increased. When demand is increased the farmer is benefited. Sound credit not only concerns a particular business, but concerns the entire business structure.

# Creditor Customer Confidence

Helpful attention in the adjustment of honest losses and prompt payment are important contributions which the right kind of insurance makes to sound credit when most needed.

Credit is known by the insurance it keeps and there is Quality in Insurance.

<p><i>Fire</i> <i>Tornado</i> <i>Explosion</i> <i>Earthquake</i> <i>Sprinkler Leakage</i></p>		<h2>QUEEN</h2> <h3>INSURANCE Co.</h3> <h2>of AMERICA</h2>	<p><i>Marine</i> <i>Automobile</i> <i>Tourist</i> <i>Registered Mail</i> <i>Riot and Civil Commotion</i></p>	

Total Assets January 1, 1928.....	\$23,143,100
Liabilities including capital .....	16,344,841
Net Surplus .....	6,798,259
Surplus to Policyholders .....	11,798,259

*Incorporated in New York State 1891. Capital \$5,000,000*

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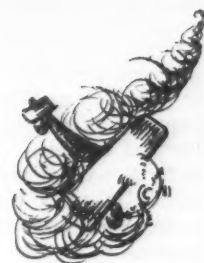
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# The Parachute of Business

## Insurance Prevents Fatal Crashes



**I**NTERESTED in the future, and accustomed to providing against difficulties and disaster, the Credit Manager has always been a student of Insurance.

He regards Insurance as *the Parachute of American Business*, a device that properly utilized, prevents fatal crashes in business as the parachute saves the lives of aviators and their passengers.

The president of the National Association of Credit Men, Frank D. Rock, Armour & Co., Denver, alluding to the practice of his own company says:

"This company works largely through salesmen both on credits and collections. We require all salesmen to furnish us with reports on new accounts with their ap-



plication for credit, and on other accounts as requested; and a part of the very essential information that we require is something definite regarding the fire insurance that is carried by the prospective risk. If the salesman fails to furnish this we try to get it through other channels, or send back after it.

This is a very distinct factor in determining a credit risk. Any risk that does not carry adequate insurance is always to be regarded as an extended or unusual, and in many cases,—depending upon the circumstances,—an unwarranted risk.

In a company as large as ours, an insurance department is usually maintained which places special, or detailed, or blanket insurance on all properties or stocks of merchandise, etc., etc., wherever they may be located throughout the country.

It has always been the policy for our Credit Department to work closely with the manager of our Insurance Department to the end that through him we might obtain information regarding a customer's insurance if we could not get it direct.

Furthermore, in the event of trouble and especially if the risk is regarded as a more or less dubious one, the first step taken in our company is to verify the insurance record on the customer. If it is disclosed that we did not have a record, or if we were not certain of it up to date, our representative would be instructed to ascertain, immediately, and in as diplomatic a way as possible, the names of the insurance companies and the amount carried with each. This would put us in a position to protect our interests promptly in case of alarm.

It seems to me that when a case is brought to one of our Association Adjustment Bureaus such steps are among the first ones to be taken by the Bureau. That step should be taken at once to procure from the debtor an assignment of the insurance for the benefit of the creditors. Oftentimes by proper approach the debtor will voluntarily give an assignment,



or will give an order on the insurance company or companies which, when accepted by them, protects creditors so far as possible and results in direct returns from the insurance company to the Adjustment Bureau, or the individual.

"We have found many instances in our experience where we have been able to protect ourselves against loss in this way; and particularly I am impressed with the thought that local Adjustment Bureaus should not consider granting any extension to the debtor unless such an assignment of insurance is obtained.

### Take an Assignment

"In handling a debtor merchant who is in difficulties—either through one of the Approved Adjustment Bureaus of the National Association of Credit Men or otherwise—it is in many cases very desirable that an assignment of life insurance be taken or that the debtor be prevailed upon to take out an insurance policy on his life to a representative of the Adjustment Bureau as trustee for the benefit of his creditors.

"In cases of the jobbers that do not maintain insurance departments, close contact with the insurance man or agency with whom they place their business is by all means advisable."

E. D. Ross, Irwin-Hodson Co., Portland, Oregon, Western Division Vice-President of the National Association of Credit Men says:

### A Survey

"I often have occasion to urge a debtor merchant to keep his merchandise properly insured against fire and to suggest that he have his property surveyed by a fire insurance expert. In this way he can be sure he is receiving the lowest possible rate a standard approved board can make. He will also find out if his rate can be lowered by eliminating hazards in his place of business—hazards which could be removed at a nominal expense, or changes made provided lowering of the rate would justify it.

I always make sure that the broker places his business with thoroughly reliable insurance companies.

A buyer of fire insurance, should, if it be for a manufacturing or distributing plant, study the question of use and occupancy. Sometimes

it is wise to use this form of protection even if one has to cut down on the main fire insurance line to do it.

"Factories should keep a machine inventory showing serial numbers, makes and costs. It is of great value in adjusting a loss and is time well spent."



"INTERESTED IN THE FUTURE"

President Rock of the N. A. C. M. with his grandson, F. D. R., Jr.

**N. A. C. M. Directors indicate that they consider insurance one of the chief concerns of credit executives. Below are given excerpts of recent statements by Directors.**

F. B. Atwood, Forman, Ford & Co., Minneapolis, says:

"Owners of small business concerns especially need close watching on insurance matters, as they are prone to carry too much of their own risks, and must be cautioned repeatedly.

"In discussing insurance against fire, tornado, etc., with customers I often suggest to the debtor merchant the names of thoroughly reliable insurance companies. I also have a great deal to do with the insurance placed by my own concern."

Brace Bennitt, Fox Vliet Drug Co., Wichita, says:

"Credit Managers must keep well posted on insurance as it relates to Credit. In case of trouble, a very large percentage of retail customers of our firm would undoubtedly be unable to resume business or perhaps even meet their obligations if there was not proper coverage on their assets.

### Dangers of Cheap Insurance

"The first insurance contract that our firm has with its customers is, of course, when the account is opened. Proper coverage against fire, hail, wind storm, tornado, or burglary is as important an item as any other data on the Property Statement which we ask for when opening an account.

"We make it a point to caution customers against cheap insurance just as we would advise them against cheap store equipment. Cheap insurance is not only very costly but often amounts to no protection at all. Some customers have tried to equalize their insurance premiums by part insurance in a good firm and part in a cheap firm. Our advice is to leave off the cheap insurance altogether.

"We try to have all of our personnel that come in contact with the customers well posted on insurance. For instance: our salesman may notice a change in the building structure around one of his customers' stores which may tend to reduce or increase the rate. The location of a store often is the deciding factor as to the necessity of burglary insurance. Explosion insurance should be carried on a store located near industrial plants or oil refineries such as we have in this Kansas territory. Use and occupancy insurance we recommend in cases where warranted.

### Protecting of Records

"Particular reference is made to the safeguarding of the firm's records of business. In studying insurance problems we have the ready assistance of the insurance firm which handles our own firm's insurance policies. It is ready to assist us with information or even investigation at all times.

"From the fact that we require a customer, purchasing equipment on Title Retainer Contract, to send in the policy covering this equipment with proper loss payable clause at-

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tached, we find that in many instances the local insurance agent, particularly in the small towns, has not properly made out the policy to cover all items to be insured, or has not properly classified them so there will be no question about proper coverage. From the fact that the policies that do come to our attention are often defective in details, we have made it a point to caution customers that exactness is necessary in insurance policies.

"In opening accounts insurance is brought to the customer's attention and, of course, where accommodations beyond the usual term period are requested, the customer's condition is again carefully investigated and insurance again an important item.

"It is to be wished that proper coverage be made a general requisite for credit extension. It is disappointing to find a customer who has been refused Credit because of lack of insurance, is sometimes able to make his purchases elsewhere without first obtaining proper coverage."

John T. Brown, Jr., Hajoca Corporation, Philadelphia, says:

### **\$200,000 Life Insurance**

"Our company holds as security for accounts approximately \$200,000 in life insurance on lives of various customers. We usually permit the customer to deal with his own insurance agent provided we are satisfied that the company is satisfactory."

I. B. Davies, Bradley Knitting Co., Delevan, Wis., say:

"I handle the subject of our own company's insurance. In dealing with our customers, we frequently call for a showdown on insurance. The forms we use require this information."

Frank C. Demmler, president of Demmler Bros. Co., Pittsburgh, says:

### **Adequate Coverage**

"If a merchant debtor in a financial statement indicates insufficient or no insurance, we suggest to him that he arrange for adequate coverage. I am also directly interested in the problem of insurance where our company is concerned."

D. S. Dodson, McLendon Hardware Co., Waco, Texas, says:

"Although the old line insurance companies still refuse to take the risk on buildings in the oil boom towns of Texas, some jobbers will sell dealers who occupy sheet iron buildings,

1. What amount of insurance do you carry on your stock?.....
2. Do you Carry specific insurance on the pianos consigned to you by The Cable Company?.....
3. Give the names of the companies in which you are insured with the numbers of the policies .....
4. Give the dates of expiration of your policies .....
5. Do your policies contain the following clause: "Loss, if any, payable to The Cable Company as its interests may appear".....or
6. "On merchandise consisting principally of pianos, covers, stools, benches and equipment thereof and accessories; owned, held in trust, on commission, on consignment, sold but not removed or for which the assured may be liable .....
7. If your policies do not include one or the other of the two forms referred to above, we suggest that they be altered at once for our mutual protection.

### **DEALER'S REPORT ON INSURANCE**

which are almost fireproof, without insurance. This is more or less hazardous, but I have not heard of jobbers sustaining any heavy losses recently."

### **Tornado Insurance Also**

George Grundmann, president of Albert Mackie Co., Inc., New Orleans, says:

"I have taken entire charge of the insurance problem of my own company and invariably inquire as to whether or not our customer is insured. If he is not, I encourage him to place insurance.

"Where the line of credit is large enough to justify it I insist on fire insurance and sometimes tornado also. I sometimes suggest to the debtor merchant the names of thoroughly reliable insurance companies and likewise advise the agency of the prospective insurer."

F. S. Hughes, Federal Reserve Bank, Boston, says:

J. D. Karel, Michigan Chair Co., Grand Rapids, says:

### **Creditors Lost \$300,000**

"We had a very good customer in Miami who lost his all through the fact that he had allowed his tornado insurance to lapse and his creditors lost \$300,000 through this fact—a fire loss would have been the same. Before the storm he was worth \$350,000; after the storm he was worth nothing. We should know whether a credit risk is insured against fire and tornado.

"Virtually all financial statement forms that I have ever had anything to do with, have contained questions, asking the amount of fire insurance carried on merchandise, buildings and machinery. For some years past the cash surrender value of life insurance has appeared on a large percentage of balance sheets. On some forms, occupancy, indemnity and credit insurance appear.

"No one can well afford to operate a business without insurance and this is particularly true of fire insurance. Insurance on the lives of the principal officers of a corporation, members of firms, particularly if these are what is familiarly spoken of as a 'one man concern' is growing rapidly.

"The more insurance, of all kinds, the better the credit standing.

"As a mercantile agency reporter, which was my occupation for many years, I would never rate a concern for capital unless it was carrying a proper amount of fire insurance on merchandise, buildings and machinery. It would be a hazardous risk to open an account with any business not properly covered by fire insurance."

"For one of our own companies, I place all the insurance."

W. W. Kerr, The Cable Co., Chicago, says:

"We only insist that our consignment dealers carry insurance on the stocks which we ship to them and require them to make a report to us

(Continued on page 23)

# Credit Experience

## In Dealing with Manufacturer's Customers Proves Business Insurance Enhances Credit

By Frank H. Skinner

**M**ANY years as a credit manager, during which I had to do with partnerships which had suffered the death of a partner, taught me that there are four choices, all unsatisfactory, for a man whose partner dies without insurance for the benefit of the partnership:

- (a) Buy out the widow, (*seldom practical*).
- (b) Take the widow into partnership, (*highly impractical*).
- (c) Take into partnership the man to whom she sells her interest, (*risky*).
- (d) Sell out the business, (causing loss, disappointment, and at times disaster).

The sample agreement reproduced herewith, prepared by the Equitable Life Assurance Society, provides that at the death of either partner, the other shall be entitled to buy out the deceased's interest and shall do so, at a stipulated value, \$10,000. As the business prospers this stipulated value may be revised; or the partners may agree that three appraisers—one appointed by the deceased's estate, one by the surviving partner, and the third by these two—shall determine the value of the business. Business insurance should never be written without some such agreement.

### Brain Insurance

Business Insurance is brain insurance and can be used equally well by either a one-man business, a co-partnership or a corporation. One reason why corporations came into being was that while individuals would die, corporations need not. But the brains of a corporation must die, and brains are a perishable commodity.

According to an old story, Charles M. Schwab, when asked what he would do if his steel properties were destroyed by fire, said:

"I would not even figure these as a loss as they could all be replaced in time, but if some catastrophe should destroy at one fell stroke the entire personnel of our organization, I would then consider myself a ruined man."

The Credit Manager knows that the same principle applies just as strongly to small organizations as large ones. In fact, the departure of a key man is likely to do more harm to a small partnership than to a big steel company.

### Effect on Credit

Business insurance has a salutary effect upon the credit of an organization even while the key man lives because

- (a) It strengthens all paper which is endorsed by the key man.
- (b) Keeps creditors at ease over long time loans such as those made to cover purchases of materials or stock.
- (c) Creates an ideal sinking fund to offset depreciation of stock and buildings and at the same time protects the entire business.
- (d) Guarantees continuity of business and thus invites permanent connections with highest grade firms.
- (e) Stimulates junior officers to loyalty and increased efficiency because they know the business will continue even in event of the key man's death.

### Needed by a Corporation

Business insurance is needed by corporations

- (a) If the business is one in which much of the sales volume rests upon the wide acquaintanceship and personality of its chief officers.
- (b) If no definite provision has been made for its continuation after the death of its officers.
- (c) To supply the funds with which to find a capable successor to the dead executive.

### His Partner's Interest

Memorandum of agreement between partners, John Doe of Brooklyn, N. Y., and Richard Roe of Yonkers, N. Y.

WITNESSETH. Whereas said Doe and said Roe are and have been copartners doing business in the city of New York in the firm of Doe and Roe, each partner having a one-half interest in the profits of the business; and

Whereas it is desired that the interest of each partner in the business shall be protected through life insurance to the end that in the event of the death of either partner the survivor may promptly liquidate in full the interest of the deceased partner without embarrassment to the business;

Now, therefore, in consideration of the sum of One Dollar by each to the other in hand paid, receipt of which is hereby acknowledged, it is mutually agreed between said Doe and said Roe that a life insurance policy shall be maintained by the co-partnership in the sum of \$10,000 on the life of said Doe and \$10,000 on the life of said Roe; that the premiums for these policies shall be paid by the business, and that at the death of either partner the amount of insurance on his life shall be paid to his estate (or, if desired, "his wife, or in the event of her death to his children"). And further, that upon the death of either partner an inventory shall be taken of the business and a statement drawn which will show the net worth of the business at the time of death of said partner, and that the amount received from the insurance company shall be used in liquidation of the interest of the deceased partner; and that upon the payment of said proceeds of the life insurance policies, together with any additional amount that may be due as shown by the net valuation of the worth of the business, the interest of such deceased partner in the business shall cease and determine, and such deceased partner's estate shall have no further claim or interest in the business.

In witness whereof the parties hereto have hereunto, etc., etc., etc.

# If I Were a Credit Manager—

## There Are Certain Things I'd Want to Know

By Colonel Howard P. Dunham

Insurance Commissioner of the State of Connecticut



IT is curious that the business man, although familiar with the blessings of insurance protection from the standpoint of the individual, seldom has an adequate conception of the larger and more vital function of insurance as the cornerstone of business credit. Credit has been pictured as the lifeblood of the body politic; and anyone who has lived through a business panic will appreciate the truth of this statement. In this brief article I shall discuss some of the ways in which insurance, by fostering sane and healthy credit conditions, is indispensable to business structure and to business men.

Picture what would happen if all insurance protection were withdrawn overnight. Commerce would come to a standstill, for the unprotected hazards of transportation and storage would make credit impossible to obtain. The valuable markets built up by our industries would be utterly ruined; goods could be sold only at or near the factories. It would be a death blow to manufacturing, for capital would be impossible to obtain unless plant and goods in process could be protected against the fire hazard. The money-raising value of property would be nil; and the uncertainty of life would preclude all credit based on individual earning capacity. It is no exaggeration to say that such a calamity would set civilization back a hundred years.

The prudent individual or business establishment tries to analyze the hazards which are imminent and to insure against them. In this matter the insurance specialist should be consulted, as there are certain grave risks inherent in every business which a cursory examination might not reveal. A merchant seldom fails to protect himself and his creditors by means of fire insurance; and yet his delivery truck may kill or maim some-

one, or a customer fall down his stairway, with financial consequences fully as serious as those of a disastrous fire. And granted that all hazards be clearly recognized, yet the problem of obtaining protection against them is a technical one concerning which the agent, as an expert in all branches of insurance coverage, should be called into council. The enlightened agent of tomorrow will probably be, in fact and in name, an *insurance engineer*; and the business man will know that, in following his recommendations, he is placing himself in a position readily

to obtain credit when the need therefor arises.

### Lender's and Borrower's Safety

Of recent years lenders of cash and credit have been protecting the interests of their borrowers and of themselves by encouraging or demanding life as well as fire insurance. In the future it will probably be just as usual to insist upon the proper forms of liability coverage, because the possibilities of loss through claims for damages are rapidly increasing. The chances of accident within a store become greater as the customers increase in number. The chances of claims as the result of operation of delivery cars and trucks need little emphasis. A case has been brought to my notice where bankruptcy was caused by seventeen claims of this nature for a total of \$195,000. And the increasing liberality of juries toward claimants for damages requires no comment.

The Credit Manager, among all classes of business men, is mentally and temporarily more akin to the insurance underwriter than anyone else. Each has business brought to him for acceptance or rejection. If either reject too little, he brings losses upon his company; if either reject too much, he drives away good business along with the bad. Each must have a broad knowledge of business, a keen insight into the significance of prevailing trends and tendencies, and a level head not easily unbalanced by his emotions. Good insurance underwriters and good credit managers both run the risk of occasionally being considered "hard-boiled"; but the man whose actions are predicated on facts rather than on feelings often incurs undeserved censure.

I have never been a credit manager, and if I became one I might have to alter some of my views; but if I were tomorrow made responsible for the credits in some big wholesale establishment, my insurance training and

(Continued on page 28)



COLONEL HOWARD P. DUNHAM.

Insurance Commissioner of Connecticut since 1923. Formerly with the Aetna Life Insurance Co.; partner in Bel & Dunham, investment securities; Deputy Collector of Internal Revenue at Hartford; member of the State Legislature, 1921-23. In 1912 compiled "The Business of Insurance", three volumes, published by the Ronald Press, New York.



Wide World

After the Hurricane  
A principal street of West Palm Beach, Florida.

# Florida Credit Conditions

## Report and Recommendations of a Trained Observer

By Frank G. Hathaway

Secretary, Southeastern Credit Association of Florida, Miami

THE following is a general survey, begun September 17, of the property and merchandise damaged in the storm stricken area of Florida, undertaken for the National Association of Credit Men, its affiliated organizations and members of the Miami Credit Bureau. The survey is made, without prejudice, entirely from the standpoint of commercial credit and those interested in merchandise credit.

### Miami Area

Damage done by the gale that reached its height at sixty miles per hour, was confined almost entirely to sign boards, a few plate glass windows and damaged roofs. There was virtually no damage to merchandise stock, and the storm did not damage Miami from a credit standpoint and should have no effect on the normal flow of credit in this area.

### Ft. Lauderdale

With a present population in the neighborhood of 5,000, Ft. Lauderdale had some damage, but it was confined primarily to plate glass windows, roofs, etc. Although the damage was in excess of that generally sustained in Miami, it should have

no direct effect on credit. This city, however, suffered extensively in the 1926 hurricane and can ill afford to stand any loss at this time, because of the numerous bank failures visited upon this community.

### Pompano

Pompano is a small town depending entirely upon agricultural pursuits. Conceded to be one of the best farming communities in the southern portion of the State, it is a bean and pepper district. It has enjoyed a certain degree of prosperity during the last season, and the town was generally considered to be in good shape. The storm virtually wrecked the town. A number of buildings were leveled to the ground and few roofs remain intact. Serious damage was suffered by the merchants. Almost none escaped. Not only was the stock of merchandise seriously damaged by the wind but severe damage continued throughout the day following the hurricane, due to heavy rain and there being no protection for the merchandise.

### Pompano to West Palm Beach

From Pompano on to Palm Beach, there was severe evidence of the storm. No city escaped on the east coast between these two points. Delray and Lake Worth suffered the heaviest toll. These towns and cities are on the Dixie Highway on the east coast of Florida and are generally supported by agricultural pursuits and by tourists.

This season of the year is the beginning of the planting season; the schools are opening up at this time; and the residents

of these sections had returned from their summer vacations and were preparing for the winter season. For this reason more damage was done than had the storm struck during the mid-summer, for contrary to other parts of the country, Florida does not farm during the summer months. Its planting season starts at the time when northern crops are being harvested.

### Palm Beach and West Palm Beach

The famous winter resort, Palm Beach, lies on the Atlantic Ocean, on a strip of land separated from the mainland by beautiful Lake Worth. Palm Beach is connected to the mainland by a series of bridges, connecting the beach with the city of West Palm Beach, the commercial section of the community. Palm Beach is 72 miles north of Miami and approximately 300 miles south of Jacksonville. It is made up of some of the most beautiful and exclusive hotels in America, surrounded by tropical gardens of rare beauty, as well as the palatial winter homes of socially prominent Americans.

Few business houses are on Palm Beach, which is a residential district supported almost entirely by northern capital. The damage to Palm Beach is reported as extensive, rumor has it that considerable damage was done to the Royal Poinciana, and to the Breakers, both the property of the Florida East Coast Railway. The authorities have placed rigid restrictions on the beach and so far it is difficult to estimate the damage. Many art treasures are in these homes of the winter residents and it is necessary to use every precaution to prevent looting, as the season has not

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begun, and the homes are in the hands of caretakers.

### West Palm Beach

The business of West Palm Beach, the commercial section of Palm Beach, is made up entirely of wholesale houses, supply dealers and merchants, and hotels catering to transients and winter visitors, and like Palm Beach is famous for its tropical foliage, which foliage has been seriously damaged by the storm.

This city is in ruins, hardly a house within its limits having escaped serious damage. Roofs are torn off, buildings blown down, glasses out of 90 per cent. of the store buildings. Merchandise is not only damaged as a result of flying glass, and caved in roofs, but is seriously damaged due to no protection from the heavy rain fall. Warehouses of wholesalers in many instances were levelled to the ground, not only making the merchandise inaccessible, being covered with debris, but leaving it exposed to the elements, which in this tropical country soon renders food stuffs particularly, and merchandise in general, subject to rust, corrosion, mold, etc.

The *Palm Beach Post*, Tuesday morning following the storm, quoted the writer as estimating the salvage of the merchandise throughout the storm stricken area as that of thirty per cent. At the time this estimate was placed, it was considered 'way too high, however, it is now generally conceded that this estimate is reasonably close.

### Public Utilities

Public utilities throughout the storm stricken area were working frantically to restore service and on Thursday night of this week, showed lights in many of the towns and cities in the business district. This one thing alone will aid the cleaning up process more than anything else.

### Drugs

Drug stores and drug sundry stores suffered according to the construction of the buildings in which they were located. Many stores in this line started during the boom period and were poorly located, and there were a number here in excess of the demand of the community; and it is possible that many in this line will seek more advantageous locations, and that many of them will not reopen. The salvage in the drug line will be greater than in many others.

Wholesalers interested in this line should caution their trade in the storm stricken area to, wherever possible, have the damaged cartons and packages exchanged by the manufacturers for new merchandise. They should also be instructed to segregate damaged merchandise from that which is not damaged and make a thorough examination of every article on hand to determine whether it is subject to deterioration.

### Groceries

Food stuffs throughout the district were severely damaged. Warehouses in many instances were levelled to the ground, and unless food stuffs are disposed of immediately,

they will be unsafe. Wholesalers should therefore get in touch with their trade and instruct them how best to merchandise the salvage in this line and should particularly see that those capable of merchandising in the proper manner are in charge, and restocked with new merchandise. This is not only a merchandise problem, but one of health to the community, and wholesalers and retailers have a great responsibility to the public.

### Clothing, Furnishings, Etc.

Damage in the clothing and furnishing line is confined chiefly to water damage. Plate glass windows were blown in and roofs torn off, and the water seeped through, soaking large quantities of goods. The great damage to that portion of the



BEFORE THE HURRICANE

Frank G. Hathaway, whose remarkably thorough report, dated September 22, on Florida conditions is printed herewith, spent his vacation bringing sailfish to gaff. One of these, shown in the picture, was 8 ft. 3 in. long,—a record for the season.

stock which is apparently not damaged, is the moisture that will cause mold, unless the stock is thoroughly aired and dried. The water soaking damage in merchandise can be restored in some cases by laundering, but the expense of so doing is likely to be greater than the price that can be eventually secured for this type of merchandise.

Anthony's and Hatch's, by far the two largest department stores in West Palm Beach, suffered some damage. These merchants, however, took every precaution to safeguard their stocks and buildings prior to and during the storm and their long experience has taught them how to handle merchandise. As a result, the net loss to these two establishments will probably be light.

In spite of the fact that inventories were low at this time, the loss in the clothing line will be very heavy.

### Hardware

It is difficult to make outsiders appreciate the real loss in hardware, for the reason that it is generally considered that hardware is hard to damage. But every hardware man knows different, for water is a deadly foe to hardware, particularly in this tropical climate where rust immediately sets in. In view of the bulkiness of hardware, and the tremendous number of items, it is a very difficult matter to get enough help to take immediate precautions to offset the inevitable rust, and therefore the damage in the hardware line is great. Very few, if any, escaped serious loss in this line.

### Furniture

Contrary to general belief, there were exceedingly heavy stocks of furniture in the storm stricken area and serious damage was sustained in virtually every case. Not only did this line suffer from the wind damage, but from water damage, and as every furniture man knows, very little veneered furniture will escape extreme damage where water is present. Therefore the loss in this line is extreme.

### Lumber and Building Supplies

Due to the very nature of the housing for lumber and building supplies, serious damage was wrought. Warehouses, sheds, etc., were blown away, the lumber and materials exposed to the elements, and placed in a condition where it is impossible at this time to determine the loss. Lime, cement, etc., exposed in any way to the weather, is of course, ruined.

### General

The storm stricken area suffered a depression immediately following the boom in the early part of 1926. This condition was supplemented by numerous bank failures, some of them as recently as early this summer. There was a marked lack of cash in this district preceding the storm, consequently, a more serious condition has developed as a result of this storm than of the Miami storm. There is but one bank in West Palm Beach now.

It is recommended that creditors of all merchants in the storm stricken area extend every encouragement toward rehabilitation, giving counsel and remembering at all times that the merchant who makes money is the

(Continued on page 31)

**Credit Managers, as such, will play an important part in bringing Florida back to normal. As citizens they can lend their aid by sending cash contributions to "Treasurer, AMERICAN RED CROSS, (Florida Fund) Red Cross Headquarters, Washington, D. C."**

# Preventing Credit Shake Up

## By Means of Earthquake Insurance

By Clarence T. Hubbard

**A**NY day there may be another "demand" for earthquake insurance. When it appeared the last time following the New England tremors, over a hundred million dollars in earthquake liability insurance was written in New England alone, to say nothing of the policies written in all parts of the country.

The Credit Manager is responsible for the demand to a large extent. The bank, to protect its mortgage loan credit, made the first demands. The property owner when he had fulfilled these demands realized his own credit was at stake as well and "covered" his possessions fully with the insurance to avoid sudden unexpected loss.

The insurance companies without "experience" on the coverage (other than California) and dissatisfied with the low rates originally charged, have written this line and still do as an accommodation. Seldom do you ever hear of an insurance agent soliciting earthquake insurance. The companies decline more than they accept and generally demand fire insurance along with the earthquake insurance. Probably the largest liability exists in Boston and with so much of the city on "filled land" many of the underwriters are worried.

The majority of the fire insurance companies write earthquake insurance. Similar to the tornado policy, the earthquake cover now assumes the fire damage following an earthquake, just as the Tornado policy assumes the fire damage following a tornado, provided the fire insurance policy is voided by the result of the earthquake, especially in causing the "fallen building" clause to become operative.

Earthquake insurance today is written only for one annual term. It can no longer be written for three or five years. In seeking such insurance there are five different classes of construction to consider in applying the rates.

Class A includes all buildings occupied exclusively as private dwellings by not more than three families each and includes private garages and barns associated therewith.

In Class B is found all fireproof buildings of steel or reinforced concrete construction. In Class C are buildings not exceeding five stories in height, or 5,000 square feet in unbroken ground floor area. In Class D all buildings not included in the former classes mentioned and also brick veneer hollow tile and concrete block buildings. In Class E are found bridges, tanks in yards, dams and reservoirs.

In buildings of varied construction if not less than 85 per cent. of the values involved are of one kind of construction the risk can be written at the rate of the predominating construction. Otherwise the risk must take the rate of the highest construction, unless specific items are applied to each character of construction.

The rates are based on these qualifications for all sections of the country, excluding the territory under the jurisdiction of the Pacific Board—California, Montana, Arizona, Idaho, Nevada, Oregon, Utah and Washington. On the Pacific coast earthquake insurance is such an important credit factor that nearly every one carries it and the insurance companies are forced to carry it. It is generally

written concurrently with fire insurance and the rates vary according to the localities which are zoned. The rates run from 25 cents to \$1.50 a hundred.

### What It Costs

In the east, middle west and south, for Class A and B the rate is 15 cents a hundred with 50 per cent. co-insurance; for Class C 25 cents; Class D 30 cents; and Class E 50 cents. All earthquake insurance rates are on the basis of 50 per cent. co-insurance with a credit of 25 per cent. for 80 per cent. co-insurance, 30 per cent. for 90 per cent. co-insurance, and 33 1-3 per cent. for 100 per cent. co-insurance. For dwellings no co-insurance is required. The same rate applies on contents as it does on buildings. Earthquake leasehold insurance takes the 80 per cent. co-insurance rate.

Many times in writing earthquake insurance the owner may control several properties for an estate and wish them covered with a blanket policy. It is permissible to write earthquake insurance blanket on all classes of property over more than one location when each property is specifically named in the form and pro rata distribution clause attached with the exception of 90 per cent. and 100 per cent. co-insurance, for which no distribution is necessary. The rate is the rate of the highest rated location, excepting when averaged rates are promulgated on application.

There is quite a steady demand for earthquake insurance by the owners  
(Continued on page 43)





FOR BETTER CREDITS—A debtor merchant's insurance policy is being discussed by Mr. Harrington (left) and P. M. Millions, Ernest L. Rhodes Co., President of the Atlanta Association of Credit Men.

## Better Credits

By W. E. Harrington

President, National Association of Insurance Agents

NO organization has stood more firmly for the principles of sound insurance than the National Association of Credit Men. The pronouncements of your conventions and officers have been repeatedly used by every far-seeing member of the National Association of Insurance Agents in warning against the perils of insuring in companies not legally domiciled within the State in which a risk is insured or in other carriers who have nothing to recommend them but the dubious attraction of rates below those which the standard companies find necessary, in order to maintain unquestioned solvency.

Such a position, I recognize, may be the result of disastrous experiences suffered throughout this country not only by the purchasers of such alleged insurance, but by creditors who have granted an extension on the assumption that loss has been prevented by insurance. Nevertheless, it is encouraging to find these great factors of commerce—credit and insurance—traveling hand in hand. Both, with honesty of purpose, are seeking the ultimate in protection for the public good.

It is needless to dwell upon the place that credit and insurance occupy in our economic structure. One is impossible without the other. Each is seeking to confine its facilities to the fit and to relieve the honest of the burden of paying for the losses suffered through the dishonest.

Experience tends to show that the fire loss climbs in about the same ratio as business failures. To the credit manager and the insurance underwriter, therefore, falls the solemn duty of keeping these related economic losses down to a minimum.

I have mentioned the great assistance that the organized credit executives have rendered our business in impressing upon the public the lesson of sound insurance. Now I should like to suggest, as a practical matter, how the credit manager may enlist the assistance of our members.

First, I would cultivate the interest of a well informed local agent, one who is thoroughly conversant with the various forms of insurance. In determining upon a line of credit I would ascertain the amount of insurance carried and the type of companies underwriting it. This should include not only fire, but tornado and explosion insurance (where the territory or local conditions present these hazards), use and occupancy, automobile liability (with the amount of limits carried), general liability, compensation, fidelity bonds, elevator, and other lines in accordance with the requirements of the particular business. Upon these policies may depend the ultimate solvency or insolvency of the creditor, quite as much as upon his ability or honesty. I would call my agent friend in and go over this information with him, explaining the nature of the business and any other data from which he

could gain a knowledge of the insurance requirements of that business. His advice would enable me to suggest diplomatically but firmly to my customer that certain things should be done for his own protection. This expert advice should be worth something to him. This is constructive criticism, which, properly presented, will be appreciated and followed.

### Survey Brings Out Facts

In our own agency we make an "insurance survey" for our clients. It occupies the same place with respect to insurance as an audit does to accounts. Almost invariably we find in making our first survey a heterogeneous collection of insurance policies, each written largely without regard to general conditions and requirements and inadequate to protect the risk covered.

Why? This condition is merely the natural result of placing insurance because of friendship rather than as the result of a scientific application of sound business and insurance principles.

The insurance of many firms is like Topsy: it "just grew." To write it is everybody's business; no one is charged with the responsibility of fitting the coverage to the actual requirements of the risk.

This situation is one in which the Credit Manager has a proper, if not vital interest. When a loss occurs,

(Continued on page 38)

# Deferred Payment Risks

## A Way to Minimize Them

By Clifford Wayne

**F**ACED with a statement showing \$120,000 in outstanding balances on household appliances sold on the deferred payment plan to a high grade list of responsible local citizens, the President remarked to the Treasurer and Credit Manager:

"Avery, our sales are mounting pretty fast. It looks as if we might put out about \$10,000 more merchandise this month on defers. Our outstanding balance is rising like a spring flood."

"Yes, but they are all good risks—the credit is safe."

"But we are getting in pretty deep," replied the President. "I am thinking about our goods in case of a fire. Conflagrations and tornadoes haven't been abolished yet. Can't we get some kind of an insurance floater to protect us?"

The Treasurer, consulting a well informed insurance agent with whom he was constantly in touch, learned that a fire or tornado insurance floater was pretty high priced. Furthermore, there were other complications: The company was situated in a town near the state line and the fire insurance companies could not write interstate floaters covering in two states. So to insure the delivered goods being paid for on the deferred payment basis there would have to be one insurance floater in one state and another floater in the other state, each at a minimum rate of two per cent. The rules governing the writing of fire and tornado insurance floaters were entirely different in the two states.

The Credit Manager tried, with the agent's assistance, to prevail upon the insurance company to make an exception and write a floater covering the large amount of goods sold in the nearby towns of the adjoining state. It was explained that no exception could be made, for it was a matter of state regulation and that each state insurance department demanded that any liability assumed in its state be fully reported in a separate policy so that the tax thereon

could be properly collected. To support this the governing bodies of the insurance companies also had prohibitive rules relative to interstate or country-wide floaters.

Insurance companies, it appeared, did not look with favor on floaters. The main objection was that under a floater the insurance company was liable for full liability at all locations, but, although that responsibility was assumed, they were never certain of having the benefit of insuring the proper values.

A "general cover" would not solve the problem, for under such covers goods mainly in branch stores or warehouses were insured—not appliances in dwellings.

### The Solution

Then along came the news that the problem could be met with a "Deferred Payment Insurance Policy." Such a contract, the merchant was informed, could be procured in proper form from the so-called "inland marine departments" of the fire insurance companies. In a convenient manner it protected the goods from loss by fire and tornado if desired while in the custody of the purchasers and also protected the goods while on the company's trucks in transit to the purchasers against loss from fire, theft and breakage.

"Do we have to insure the entire value of these goods?" inquired the President during a discussion with the Credit Manager. "We must keep down our overhead. I believe we should be protected, but I do not think we should have to insure the total value of our goods."

"That was just my thought," replied the Credit Manager. "And I find the contract will be written to cover our interest only as sellers of the merchandise. We could cover the entire value, including the buyer's interest, but our service need not be extended that far at this time. Inasmuch as we have not as yet established an experience on these new articles we are selling, we should be content to insure our remaining interest in the goods in the event of

loss, instead of giving the buyer his insurance as well. Our sales contract with our customers will fully protect us so far as their responsibility is concerned, and until we are more certain of our sales development I obtained quotations on the basis of protecting us for our interest only."

"How do we control such interest?" inquired the President.

"By reporting once a month the unpaid balance on our total merchandise sold and delivered. The premium is computed by applying a rate of eight cents a month per hundred dollars of insurance against this reported unpaid balance. That is a special rate for us, you understand. It varies on different goods."

"That means," inquired the President, "that if one of our machines was destroyed by fire and there was \$400 still due us on it, we would collect the \$400 outstanding balance which, plus the amount paid by the customer would fully protect us against loss of the machine?"

"That's right," replied the Credit Manager. "And the limit for which the insurance company is liable is named at \$1,000 for each location."

"That is quite enough," agreed the President. "The customer will collect his loss through the fire insurance he carries on his property."

"Yes. Of course if he does not carry enough fire insurance and happens to have a total loss of his dwelling he may not collect the full proportion on the machine. That is why I hope our sales profit will eventually enable us to assume the buyer's interest as well as our own under this insurance contract as a means of service to our buyers and it might mean an additional sales argument to us."

"If we do that I presume the rate changes?" said the President.

"No, they tell me the rate will be the same," answered the Credit Manager. "But instead of applying the eight cents a month charge to the reported unpaid balances the charge will be applied against the total sales

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# The Crook That Couldn't Be Caught

A  
Fact  
Story  
by  
Maurice  
Crain



*"You use the letter I sent you to figure your profits on!"*

THEY called him "Lucky" Martine, and for seven years he did his best to deserve the title. Lucky was the credit crook who couldn't be caught. He had the name of being too slick for a conviction, and it is a matter of record that between his fleeting five months in Atlanta, back in 1921, and his recent troubles, which you have probably read about, he didn't spend a day in jail.

Lucky's seeming immunity may have been due to the fact that he knew the law. He made a good living as a practising attorney up to the time he was disbarred. Certainly a good deal of his success as a "crooked bust" artist was because he also knew the clothing business. He had worked in his father's store for years before he went in for the law.

Oh, Lucky had the brains, all right, and a pleasing appearance, but he was crooked by natural inclination. They tell the story that he almost got kicked out of law school for cheating, but that was a long time back. At any rate, he was a holy terror to credit managers for seven long years, blossoming out every change of the moon in a new busi-

ness and under a new alias. Of course a Credit Protection investigator would have trapped him sooner or later, but it was a woman who directly brought about his downfall.

At his own racket Lucky was an expert. But when he got ambitious and tried to put himself across as a he-golddigger his luck turned.

That was unquestionably the why of his downfall. The how of it has never yet been told in detail. Turn back the calendar a few months, to a time shortly before Lucky's last bust. The scene is the interior of the small town store which he was then engaged in stripping of its bought-on-credit stock.

Samuel J. Martine rested his elbows upon the counter and surveyed his store with approval. Empty as a church right now, but it would be full of customers tomorrow. Satisfied possessiveness stamped his features as his gaze roved over window display, high-piled shelves and price-tagged merchandise spread on the counters. All set for the big sale! Martine drew an envelope from his pocket, a pink envelope exuding a faint perfume, and figured on the back of it with a stub pencil.

"Good morning, Sam!"

The woman's voice vibrated tenderness and implied an anticipation of pleasure in the welcome of the merchant. But a moment later her eyes reflected hurt pride when they beheld the pink envelope, defiled with columns of figures.

"Always business first," she said brokenly. "You use the letter I sent you to figure your profits on."

Samuel J. Martine stepped from behind the counter with arms vaguely outspread, hovering near the girl as if to embrace her if the place were less public.

"Just absentmindedness, dear," he breathed in honeyed tones. "Figuring on the backs of envelopes is an old habit of mine. It was awfully sweet of you to write me this letter from Saratoga. See, I've kept it near me ever since it came."

The girl, somewhat mollified, put out her hand and took his.

"Then you are glad to see me, Sam?" she asked wistfully.

"Glad to see you! Why, Selma, you don't realize how lonesome this burg has been without you. It's bad enough, any time, after New York."

The girl brightened. "We'll live in New York after we are married, won't we Sam?"

"You bet!" Sam promised. "Just as soon as I can sell out for my price. Two or three outside men already interested, and one of them will get around to the buying point before long. Then we'll get married and move to New York. Shows, concerts—I guess you'll like the concerts, eh?—you a music teacher?"

"Would I?" the girl was thrilled. "Sam—I guess it's unmaidenly of me to say so, but—I wish it could be soon."

"Soon as ever I can manage it, dear," said Lucky. "You can bet on that. Got to have money to live in New York, and we don't want to marry and settle down here."

Lucky was silent for a moment, as if in deep thought.

"If I only had \$10,000," he said at length, "I could clean up enough in a month to put us on easy street for a while—at least \$4,000 clear profit,—maybe more. Best opportunity I ever had." He shook his head abruptly, as if dismissing the possibility.

"What is the opportunity, Sam?"

Lucky was watching the girl narrowly, though affecting unconcern.

"Real estate deal in New York," he said. "Key lot a construction company's got to have. Owner won't sell to them—hates 'em. But he'll sell to me."

The girl considered. "Father's estate comes to about \$10,000. Maybe I could give you that. Why, we could take a trip around the world on the profits!" A note of caution crept into her tone. "Maybe you could give me security on the store, or something," she finished.

Lucky's momentary eagerness vanished.

"No," he said. "We don't want to have any business dealings between ourselves—any loans or securities or bargaining. It would be as if we didn't trust each other. Besides," nobility vibrated in his tone, "I can't take your money, little girl. Forget it."

The girl nestled against Lucky's shoulder, and gave his arm a squeeze.

"You're so dear and foolish, Sam," she said.

Ten days passed, and Lucky's cut price sale was a big success. Nearly everything in the store that had not already been shipped to fences in the city had been sold to bargain hunters.

Lucky rubbed his hands in satisfaction as he considered the results of the sale—an improvement in the technique of racketeering. Even cut retail prices beat the cut wholesale price he could get from fences, and it was all profit anyhow, since he didn't intend to pay for the goods.

That afternoon Lucky went to the nearest big town, and into the town's



### Where the Light is Brightest

**A**FTER dark at a dangerous place on the high-road, your fully lighted headlights suddenly strike a brilliant target. If the headlights are weak, the reflection is dim. If you are running without headlights, there is no warning from the sign and you roll into trouble.

For every member of the National Association of Credit Men,—with its local Associations, Interchange Bureaus and Adjustment Bureaus,—this holds true:

The value you get out of a thing depends on what you put into it.

R. G.

leading jewelry store. He knew the proprietor slightly. Lucky picked out an engagement ring, the showiest diamond in the place, priced \$1,500. He persuaded the jeweler to take a check for the amount. That was on a Saturday. Lucky knew that the check wouldn't be good on Monday.

Saturday night Lucky sprang a big surprise on Selma. It was in the front parlor of her mother's home—a comfortable, average small town home, in which two women lived alone.

"I have a bright idea, honey," said Lucky. "The more I think of it, the better I like it. Best idea I ever had."

"What in the world is it, Sam?" Selma was interested.

"This," said Sam, producing a jewelry box.

Selma was enraptured. She could hardly speak.

"Why it's as big as a headlight! Why Sam!" She kissed him with enthusiasm.

Eagerly she tried the ring on. It was too big for her finger. Sam seemed terribly disappointed.

"One thing in my life I wanted to be just right, and I made a mess of it," he wailed.

"Never mind, goosey, the jeweler can cut it down," said Selma.

Sam brightened. "Sure—of course. You keep it anyhow Selma, even if you can't wear it, and first time you go to the city, we'll have it made to fit."

It was eleven o'clock, as Sam was taking his leave in conformity with village custom, that the telephone rang.

"Yes. Yes, Mr. Martine's here," said Selma. Then, "It's a telegram for you, Sam."

"Ask him to send it over," said Lucky.

The telegram, delivered by the village errand boy, was from New York.

Gottlieb will sell lot for eleven thousand stop Elco people frantic to get it but he won't sell to them at any price stop For the love of Mike, Sam, raise the money somehow Don't miss out on this.

HARRY.

Lucky shook his head sadly and handed the telegram to Selma. She read it and put her arms around his neck.

"Sam Martine, you do as I tell you. Take my \$10,000 and buy that lot."

Lucky seemed unconvinced.

"Don't let pride stand in your way," Selma argued. "Think what it will mean to both of us. We can take a trip around the world together for a honeymoon—Paris, London, Venice, the Pyramids, Africa, Japan. You must do it, Sam."

That argument seemed to register. Lucky allowed himself to be half-persuaded, but remained reluctant. He knew that she couldn't get the money out of the bank until Monday, anyway.

"I don't want to do it, Selma," he said. "It goes against the grain taking money from you. Of course real estate is perfectly safe—a lot can't get away from you. I'll think it over until tomorrow."

The following day a more urgent telegram came from New York.

(Continued on page 38)

# Cost-Keeping on a Burroughs

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**Distribution** ☐

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**Accounts Receivable** ☐

Ledger and statement in combination—ledger and end of month statement—without carbon—skeleton or itemized

**Payroll** ☐

On cash or check payments

**Accounts Payable** ☐

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# Latin American Conditions

## Credits and Collections Reported "Fair"

By W. S. Swingle

Mgr., Foreign Dept., National Association of Credit Men

**M**EMBERS of the Foreign Credit Interchange Bureau of the National Association of Credit Men contributed recently to a survey of credit conditions in Latin America.

The majority said that *credit is in fair shape* and that collections are reasonably prompt in most of the 20 countries included in the survey.

Uruguay, Panama and Argentina received the highest ratings. Eighty-six per cent. of the reporting concerns said that credit conditions in Uruguay were good, 11 per cent. said they were fair, and only three per cent. reported them as poor.

For Panama 77 per cent. reported good, 23 per cent. fair and none reported poor. The figures for Argentina were 71 per cent. good, 27 per cent. fair and two per cent. poor.

Collections in Uruguay were reported prompt by 91 per cent., slow by nine per cent.; in both Panama and Argentina, prompt by 93 per cent., slow by seven.

Nicaragua has the lowest rating. Only 10 per cent. said credit conditions were good, against 35 per cent. poor and 55 per cent. fair. Collections in Nicaragua were listed slow by 60 per cent. and prompt by 40 per cent.

Mexico also stood low in the ranking, with 25 per cent. reporting conditions poor, 30 per cent. good and 45 per cent. fair. Collections in Mexico were called prompt by 50 per cent. and slow by 50 per cent.

Venezuela was classed with Mexico in the reporting on collections, 51 per cent. reporting prompt, 49 per cent. slow. General credit conditions in Venezuela were said to be fair by 57 per cent., good by 33 per cent. and poor by 10 per cent.

Credit conditions in Brazil and Chile were reported generally fair, with Brazil ranking slightly ahead of Chile. Collections in both these countries were called generally prompt.

The following table reflects the collection experiences of exporters selling in Latin-American markets. The percentage figures show the percentage of contributing houses which found collections prompt or slow in the 20 countries listed:

Country	Prompt	Slow
Argentina	93	7
Bolivia	53	47
Brazil	78	22
Chile	81	19
Colombia	63	37
Costa Rica	78	22
Dominican Republic	48	52
Ecuador	48	52
Guatemala	61	39
Haiti	70	30
Honduras	77	23
Mexico	50	50
Nicaragua	40	60
Panama	93	7
Paraguay	79	21
Peru	79	21
Porto Rico	57	43
Salvador	59	41
Uruguay	91	9
Venezuela	51	49

## By Trades

The findings in several trades follow:

### Drugs & Chemicals

#### Credit Conditions

Good:—Argentina, Brazil, Panama, Uruguay.  
Good to Fair:—Costa Rica, Guatemala, Honduras, Porto Rico, Venezuela.  
Fair to Good:—Bolivia, Chile, Colombia, Peru.  
Fair:—Mexico, Salvador.  
Fair to Poor:—Dominican Republic, Ecuador, Nicaragua.

#### Collections

Prompt:—Argentina, Brazil, Chile, Costa Rica, Honduras, Panama, Uruguay.  
Prompt to Slow:—Guatemala, Porto Rico.  
Equal:—Mexico, Peru, Salvador.  
Slow to Prompt:—Bolivia, Colombia, Nicaragua, Venezuela.  
Slow:—Dominican Republic, Ecuador.

### Hardware and Allied Trades

#### Credit Conditions

Good:—Argentina, Panama, Uruguay.  
Good to Fair:—Brazil, Chile, Colombia.  
Fair to Good:—Costa Rica.  
Fair:—Nicaragua, Porto Rico, Peru, Ecuador.  
Fair to Poor:—Mexico, Venezuela.

#### Collections

Prompt:—Argentina, Brazil, Chile, Colombia, Panama, Uruguay.  
Prompt to Slow:—Costa Rica, Peru.  
Equal:—Porto Rico, Ecuador.  
Slow to Prompt:—Nicaragua, Venezuela.  
Slow:—Mexico.

### Wearing Apparel

#### Credit Conditions

Good:—Argentina.  
Good to Fair:—Costa Rica, Panama.  
Fair to Good:—Guatemala, Porto Rico.  
Fair:—Chile, Dominican Republic, Mexico, Nicaragua, Peru, Salvador, Venezuela.  
Slow:—Mexico.

#### Collections

Prompt:—Argentina, Costa Rica, Panama.  
Equal:—Dominican Republic, Mexico, Porto Rico, Salvador.  
Slow to Prompt:—Chile, Guatemala, Peru, Venezuela.  
Slow:—Nicaragua.

### Paper and Office Supplies

#### Credit Conditions

Good:—Argentina, Brazil, Chile, Panama, Uruguay.  
Good to Fair:—Guatemala.  
Fair to Good:—Colombia, Costa Rica, Porto Rico.  
Fair:—Dominican Republic, Ecuador, Mexico, Venezuela.  
Fair to Poor:—Nicaragua.

## Collections

Prompt:—Argentina, Brazil, Chile, Guatemala, Panama, Uruguay.  
Prompt to Slow:—Colombia, Costa Rica, Dominican Republic, Mexico.  
Slow to Prompt:—Ecuador, Porto Rico.  
Slow:—Nicaragua, Venezuela.

### Machinery, Electrical and Construction Supplies

#### Credit Conditions

Good:—Argentina, Panama.  
Good to Fair:—Brazil, Colombia, Mexico, Uruguay.  
Fair to Good:—Chile, Guatemala, Salvador, Venezuela.  
Fair:—Dominican Republic, Ecuador, Peru, Porto Rico.  
Fair to Poor:—Haiti, Honduras.

#### Collections

Prompt:—Argentina, Brazil, Chile, Colombia, Mexico, Panama, Peru.  
Prompt to Slow:—Dominican Republic, Ecuador, Guatemala, Porto Rico, Salvador, Uruguay, Venezuela.  
Slow to Prompt:—Haiti, Honduras.

### Food Products

#### Credit Conditions

Good:—Argentina.  
Good to Fair:—Colombia, Costa Rica, Dominican Republic.  
Fair to Good:—Chile, Porto Rico.  
Fair:—Brazil, Guatemala, Haiti, Mexico, Nicaragua, Peru, Salvador, Venezuela.

#### Collections

Prompt:—Argentina, Chile, Guatemala, Haiti, Porto Rico, Salvador.  
Prompt to Slow:—Colombia, Costa Rica, Dominican Republic, Mexico, Nicaragua, Peru.  
Slow to Prompt:—Brazil, Venezuela.

### Foreign Credit Interchange Bureau of the N. A. C. M.

**T**HE Foreign Credit Interchange Bureau of the National Association of Credit Men, at One Park Avenue, New York, was organized in 1919 by a group of export and foreign credit managers. Co-operation between foreign credit departments had at that time been only slightly developed. Progressive exporters felt that there was a great need for a general, systematic and efficient exchange of exact ledger experience.

The N. A. C. M. fostered the inauguration and operation of this Bureau for the purpose of providing a clearing house, where a vast store of individual foreign credit information and experiences in export trade are gathered, compiled and disseminated for the mutual advantage and protection of American manufacturers, merchants, banks and American export houses participating in American foreign trade.

The Bureau is strictly co-operative and organized for service not for profit. The funds for its support and operation are derived from the subscription fees of its members and it is carefully supervised by a Committee of its own members. The Bureau is much more than a credit service, and should in no way be confused with mercantile agencies. It is a constructive movement with the single purpose of fostering American foreign trade through the improvement of credit and other facilities.

# Credits in Confectionery

## Salesmen Co-operate Fully With Credit Department

By W. D. Doak

Credit Manager, Norris, Inc., Atlanta

A CREDIT Department, to function successfully must have the co-operation of the salesmen who sell the company's products and the dealers who buy the products, assuming that the company is engaged in either wholesale or manufacturing operations. It is the credit manager's job to see that this principle of co-operation is carried out rather than simply to stand guard and cry, "Wolf! Wolf!" at the first sign of danger.

A good credit manager is a business doctor. It is his duty to reduce mortality in business lives as it is that of a physician or surgeon to reduce mortality in human lives. To do this, it is necessary for him to be familiar with business conditions so that he can not only analyze a present situation but also foretell, to some extent, the future. It is a part of his job to see that John Smith stays in business, if the man has ability; and to help him retain his business as long as he has a chance of being successful. It is only by co-operating with the trade so that a dealer in trouble will come to him and ask for advice that a credit manager can realize this ideal of reducing mortality and keeping open all possible outlets for his company's goods.

But the credit officer is only one man; he cannot always be on the ground when trouble is ahead, and so he needs the assistance of those

who have most frequent contact with customers—the salesmen. He will not get this unless he shows himself to be broad-minded and flexible, for, once let a salesman get it into his head that a credit manager is bull-headed, he will offer very little co-operation. A credit manager who

The man who gets the business is the one who keeps his accounts in good shape. *It is natural for a buyer to give an order to the house with whom his account is paid up or most nearly so.*

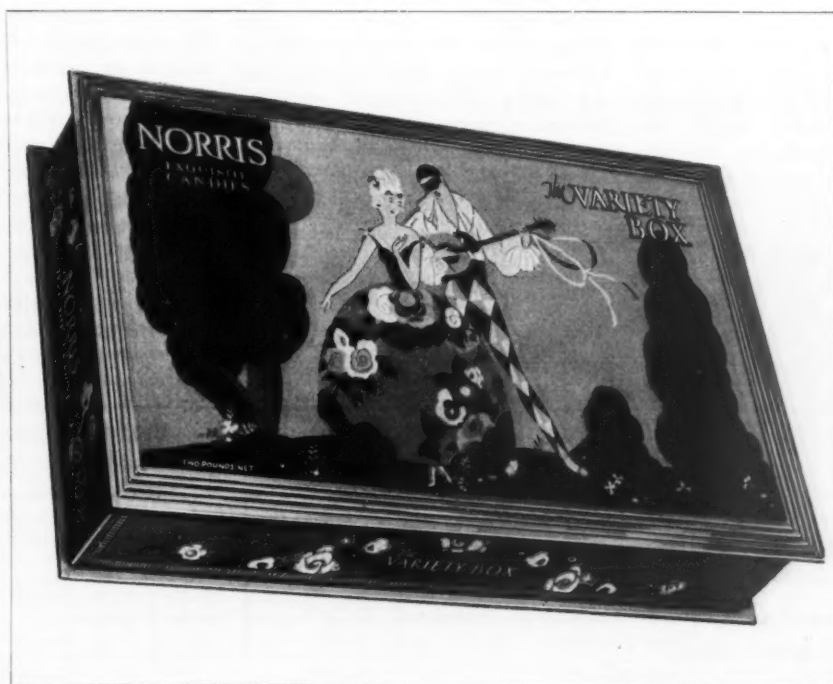
If there is a depression in some community and the salesman does not feel able to handle the situation, then I may go to the town and visit the customers personally to find out where the trouble lies, whether general business conditions are responsible for poor collections or whether the salesman has not had the right mental attitude in dealing with the customers.

The Daily Report form sent in by each salesman has spaces in

which collections and dates on which the customer promises to remit may be noted. This report goes to the Collection Department as well as to the Sales, Sales Promotion, and Claims Departments. At the bottom of the report a place is left for the acknowledgment of letters from the office, all of which are numbered. These numbers are checked up every day with the letters mailed out, and once a week any salesman who has failed to acknowledge a letter sent him is notified of it. This minimizes the possibility of a slip-up in the Credit Department because a letter to a salesman about an account has gone astray.

### Collect — Then Sell

Many salesmen do not realize the importance of getting the money for goods that are sold—that no sale is completed until collection is made. In our organization, salesmen are expected to collect whatever balance is past due when they call on customers. In fact, they are told to talk collection, when money is due, before they talk about a new order.



When a salesman sends in a first order from a new customer, he writes on the back of the order blank information about the location of the drug or confectionery shop, the competition the dealer has to meet, and his recommendation as to credit from all he has been able to learn about the dealer's standing. Sometimes the salesman's report is sufficient to warrant shipment of the order. A memorandum is then made out to be kept in the Suspense File pending receipt of a mercantile report and other information. If the account begins to develop, a report is requested from the Credit Interchange Bureau to which we are subscribers.

In keeping up with the office end of credits and collections, one of our most helpful aids is the visible file of customers' records which we maintain. The cards in this file cover a three-year period and show the total owed by a customer on the first of every month, divided to show amount past due and not yet due, and the payments made every month.

Each card is flagged with various colored signals to indicate the approximate amount owing and month

of oldest invoice not paid, and, if the account is lagging, the date of the following month when the file is to be called out. We do not show the month of the call out but merely the date, since the signals are checked up every month and placed ahead for the following month.

When an account has been placed with a collection agency, a purple signal is substituted for the usual orange one kept over the month of the oldest invoice. When the account seems to be in a hopeless condition, we charge the balance to Profit and Loss—or as some call it "Bad and Doubtful"—and then a black signal is inserted in the extreme right hand corner. In such circumstances, the card is used as follows: *Green signal* showing call out date; *yellow signal* showing amount of the account; *purple signal* showing the month of the oldest invoice, and *black signal* showing that the account has been charged off.

This visibility is very helpful to the Credit Manager who can rapidly check up on the work of the Collection Department.

Our cards have this rather unusual feature, they are made with a

folding strip so that memoranda can be tucked in without interfering with the signals. Such a note as this might be inserted:

7/10/28 Salesman reports putting in other lines of candy. Watch a/c. Promises ck. 50% July 30. Place for collection if not paid by Aug. 3.

### In Case of Disaster

Although these files are valuable enough for regular collection work to have made us install them, they are also very helpful in emergency situations. Suppose the newspaper some morning brings news of an unforeseen disaster in some locality, such as the hurricane in Miami or the flood in the Mississippi Valley. By consultation of our visible records, I can see at a glance the condition of our accounts in that particular town or section, since the cards are filed geographically in alphabetical order.

The cards might show that four of the accounts in the particular town were in excess of \$500, seven of them in excess of \$300, and the others around \$100. They might show that seven accounts were in the

(Continued on page 30)

	1928			1929			1930		
	TOTAL STAT.	CURRENT MO.	PAYMENTS	TOTAL STAT.	CURRENT MO.	PAYMENTS	TOTAL STAT.	CURRENT MO.	PAYMENTS
NOV									
DEC									
JAN 1	39 70	39 70							
FEB 1	68 28	29 08	16-39 70						
MAR 1	48 76	19 68	15-29 08						
APR 1	107 00	78 24	10-29 76						
MAY 1	78 24	-							
JUN 1	78 24	-							
JUL 1	78 24	-							
AUG									
SEP									
OCT									

7/10/28 Salesman reports putting in other lines of candy - watch a/c - Prom. ck. 50% July 30 Place for collection if not paid by Aug. 3.

ADDRESS 101 Willis Street

STATE 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27

Va. Richmond Smith Company, John

1928 1929 1930

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

CUSTOMER RECORD CARD, ACTUAL SIZE 5 x 8 IN.

Into the card is tucked a slip carrying a transcript of the salesman's report. Mr. Doak describes the card in this article.

## The Parachute of Business

(Continued from page 9)

on a card." (reproduced herewith.) "In some cases they simply report, in other cases the policies are placed in our hands. We find that as a general rule they comply with these provisions of our contract without very much insistence on our part."

Ernest I. Kilcup, Davol Rubber Co., Providence, says:

### They Never Refuse

"It is our general practice to require that every customer shall show in his financial set-up adequate insurance, but what may be adequate for one might not be for another. Of course, we insist that the inventory shall be protected as well as fixed assets and *we are forever preaching for various forms of casualty insurance.*

"Frequently risks are presented which impel us to insist that life insurance payable to the company on the principals of an organization shall be bought, for in an experience which covers nearly 60 years of operation we have witnessed the collapse of not a few businesses because of the death of one man around whom the business revolved.

"In dealing with our customers, I have never in my personal experience received a refusal to purchase or increase insurance after I had presented the matter carefully and sympathetically. The larger part of my more valuable knowledge of insurance has been gained from some of the very capable articles which have appeared in the CREDIT MONTHLY and which I am sure every financial executive could read to his advantage."

W. E. Tarlton, Central Shoe Co., St. Louis, says:

"We do not ship goods to merchants who do not carry insurance if we know it, and it is the policy of the company to say that very plainly to any merchant who seeks credit and who is not properly covered. We always recommend to him that for his own good he should carry a reasonable amount of insurance, regardless of the rate he may have to pay."

### Must Be Fully Protected

J. S. Tupper, Cornell Supply Co., Lincoln, says:

"We make it a point to see what insurance our customers carry and

on large contracts, we do not enter into the furnishing of material until we are certain the contractor has good liability insurance that fully protects him—also a good bond that covers both labor and material.

"I sometimes suggest to the debtor merchant the names of thoroughly reliable insurance companies, and have also suggested that he take out life insurance payable to the protection of his creditors. When we find fire insurance not ample we insist that full coverage be taken out.

"*Insurance and credit go hand in hand.* We have made some good contacts with an insurance agent that were a help to him, to our customer

and to ourselves.

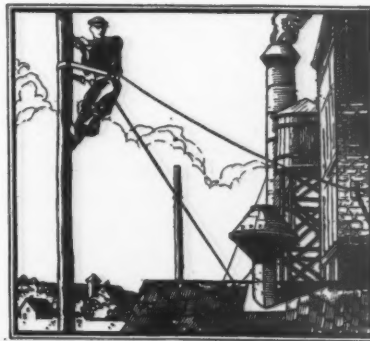
"In connection with my work I also look after the insurance carried by our own company."

F. S. Walden, Strevell-Paterson Hardware Co., Salt Lake City, says:

"In dealing with credit one of the most important features is whether or not the applicant maintains a sufficient amount of fire insurance to pay his indebtedness. I doubt if more than 50 per cent. of merchants in the Inter-Mountain territory carry adequate fire insurance. We make it a point to find out in each and every case where credit is accepted in large amounts the total fire

(Continued on page 28)

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# Collector-Owned Cars

## Guarding Against the Financial Hazards They Create

By George Alan Strader

**"COLLECTOR**, one owning car preferred," is a phrase that is daily becoming more common in the help wanted columns and, although it cannot be disputed that the use of such collector-owned vehicles is an effective and economical policy, it should also be borne distinctly in mind that any one of these cars may easily and instantly become an instrument that may wipe out the employer's assets and, possibly, throw him into bankruptcy.

"They can't get us for anything—we don't own the cars," phrases the general opinion held by most employers in regard to their financial liability for physical injuries and property damage caused by the negligent operation of these employee-owned vehicles.

No belief could be more fallacious.

### Responsibility

The exact responsibility of employers for the acts of their employees is tersely summed up in the case of *The Little Miami Railroad Co. vs. Wetmore* (19 Ohio 110, on page 131):

White, J.—". . . whether the act of the servant be one of omission or commission, whether negligent, fraudulent, or deceitful, or even if it be an act of positive malfeasance or misconduct, if it be done in the course of his employment, his master is responsible for it, *civilliter* to the third persons."

In short, ownership of the car is quite immaterial in fixing liability except as it may help to determine upon whose business the collector was at the time of the accident.

If the collector was upon his employer's business, then his employer can be held as fully responsible for the car's negligent operation as though he himself owned and drove it, the deduction being arrived at from application of the well-known legal principle, "principals are responsible for the acts of their agents."

In this day of crowded traffic and numerous possibilities for accident and in an era when jury verdicts of \$25,000 to \$100,000 for the loss of a life, \$10,000 to \$25,000 for perma-

nent injuries, and \$250 to \$1,000 for even comparatively minor injuries, are very common, this matter of employer-responsibility is not to be lightly tossed aside with a self-satisfied "They can't get us for anything—we don't own the cars."

Even a large insurance company fell afoul of this legal point a short time ago. It planned a large get-together dinner for its agents and invited all its nearby salesmen to attend. One of these men, residing in an abutting State, asked a young lady to accompany him, and they drove to the affair together. On the way he struck a pedestrian, who later sued his employer, the insurance company.

The courts held that the man was going to the dinner at the request of his employer and because he figured that it probably would be good business to attend; that he was, in fact, on the company's business at the time and that the claimant, therefore, was within his rights in looking to the young man's employer for damages for his injuries.

Since legal agency was found in a situation of this sort, where the man worked on a straight commission basis and just about when, where and how he pleased (as insurance agents are generally permitted to do), is it any wonder that the courts seldom hesitate in finding legal agency between a company and a strictly supervised employee?

### The Employer's Defense

The courts have so closely and clearly defined the responsibility of the employer in cases of this nature that there are really only two major lines of defence open to the employer entangled in legal proceedings—both of which are fundamentally weak and both of which involve, necessarily, the retaining of high-priced lawyers to present them with even the slightest hope for success.

The employer may contend (1) that the collector was not using the car in company service at the time of the accident, and (2) that the col-

lector was an "independent contractor" and solely liable for his own negligence.

The former of these makes a very strong defence—if the employer can make it stick. To do this, he must effectively "pass the buck" to his collector, who may or may not take kindly to the thought of having a \$1,000 to \$100,000 lawsuit saddled on him.

If the collector does not take kindly to the thought, or if he deliberately chooses to pass the onus to one who has more money than he with which to pay a heavy judgment, then he may actually join hands with the claimant and testify against his employer.

It is natural that suit will be brought against that defendant who is best off financially.

The second major defence that an employer may offer, that the collector was an "independent contractor," is a very substantial one—provided it is true. It is seldom true, in the legal sense, that the average straight commission, drawing - account - and - commission or salary-and-commission collector is an independent contractor. The very nature of his work makes him, in fact, an employee and a legal agent of his principal.

To be an independent contractor, a collector would have to be actually engaged in a collection business of his own, as the commercial collection agencies are so engaged. He would have to do his work wholly free of the supervision of his employer and, to this end, he would have to be given a freedom of thought and of movement wholly unlike that granted to the collectors of any average commercial organization.

Even were it shown, however, that he so operated, there are certain factors that might still make him a binding agent; shrewd lawyers would draw these into the case. For instance, if an employer contributes to the operation or maintenance of a collector-owned vehicle, he immedi-

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# Could You Replace Your Credit Records?

By Raymond E. Bell

Raymond E. Bell, Inc., Management Engineers



IN most organizations, today, the protection of property against fire and theft is a practice so well established that there is little possibility of oversight or omission. Some important official is usually charged with the duty to see to it that every phase of risk in this direction is covered and he is continuously alert to protect his company against losses of this character.

There are few companies, however, that can allay all doubts when it comes to the protection of records. The procession to the combination safe or vault, when the private ledger or other sacred data is to be consulted, gives a feeling of security that is not always justified. And yet, could the Credit Manager, for example, reproduce from memory or otherwise more than a trivial proportion of his records if they were burned?

Unlike most forms of property, records have no recognized market value and are not normally the subject of sale or exchange. They relate to a particular business and are the cement which enables business to operate in a cohesive and successful manner.

## Unreplaceable

However, although they cannot be appraised in current dollars and cents with the same degree of precision, they often have a value of great moment since it is among the facts and figures of a business that the good will is disclosed and preserved.

In order to decide the type of protection which will best meet the conditions in any individual case, it is

essential that the objectives involved in the protection of records be kept carefully in mind.

First and foremost is the possible loss of information built up over a period of years upon which not only the daily transactions are based, but also the policies through which the business is operated. The loss of property, when insured, can be replaced with materials readily available; and in many instances the new building or equipment is a vast improvement on the old.

But money will not replace records. Representing, as they do, the facts regarding the individual business, there are no external sources for their complete replacement no matter how much money is available. Thus the futility of any form of financial insurance for their protection.

Furthermore, records generally have an increasing value with time. Machinery, equipment and stocks are subject to a wearing process, depreciation. The value of records, in many instances, increases from year to year. Records are the statements of past events, and every sound minded manager believes that the past casts the shadow of the future, that events are run off in an orderly sequence of cause and effect, if it can only be discovered. As Merz expresses it in his "History of European Thought in the Nineteenth Century":

"... the registration of events would in itself be of little use, were it not for a fundamental assumption which appeals to common sense and has been affirmed by science, though it is hardly anywhere expressly stated, namely, the belief in a general order, in a re-

current regularity or a slow but continuous change and orderly development of things and events of the world . . ."

The manager's need of past records in his forecasting of coming events is of paramount importance and their preservation for this purpose alone is an urgent duty.

## Misuse of Records

Next in importance is the misuse of records. The information of a company is its personal property, subject to the same moral considerations as are other assets. Unfortunately, the theft of information is the more insidious, since it cannot be protected by accounting checks and well ordered routine. It is extremely difficult to reproduce a ten dollar bill and the culprit is soon discovered, but the duplication of records is a task not subject to any degree of skill and open to anyone with weak morals and available information.

Lock and key, with strict supervision, are an essential procedure in this respect. Care in the selection of subordinates of high integrity is by no means to be overlooked, but the fundamental responsibility of executives, not to increase the temptation needlessly, is quite as essential in the case of records as with money.

The protection of records is attended by an administrative difficulty not met with in the same degree in any other form of property. Records abound where there are business transactions and their protection cannot be concentrated in any

(Continued on page 38)

# False Economy in Building

## Dangerous for Owner, Creditor and Community

By A. C. Hutson

Assistant Chief Engineer, National Board of Fire Underwriters, New York, N. Y.

**T**HE influence of the log cabin is still strong in our construction details, not because we build such structures now, but because many of our ideas about building—unfortunately detrimental to proper and safe building—are inherited from our forefathers.

The log cabin was a necessity, and the best that could be erected with the crude tools, lack of knowledge and insufficiency of funds of our forefathers. The next step in our national life was the home, store or factory of sawed lumber, but still erected at a minimum of cost and with materials chosen for availability rather than suitability. These early structures had one thing in their favor; they were massive, with timbers greatly oversized and therefore capable not only of withstanding the elements for long periods, but also of being slow burning.

The economy necessary in a new country continued to have a dominating influence in construction. As materials became more scarce and had to be purchased with money, it was only natural that a cheapening process should set in, especially as larger quantities of material were used. Thinner beams and boards became common and a cheaper quality was permitted.

The store or factory is still the log cabin in its general characteristics; larger, but with the same general features: four walls of wood, one or more stories in height, wooden shingle roof, and often full of concealed spaces permitting the quick passage of fire. These buildings are not designed; in fact, the outstanding false economies in our buildings, especially in the smaller communities, are failure to employ an architect, and lack of inspection during construction. Many states and cities attempt to cure this evil by passing building laws and by requiring that plans be prepared by a licensed architect, thereby assuring better building construction.

Few people have any knowledge of proper building construction, es-

pecially as it relates to the fire hazard. Where these are left in the hands of a "builder," especially a "speculative builder," they are more often than not overlooked, as these desired features of safety are available only at an added cost. They are required in a modern building code. Cities and towns which have such codes, and



*Buildings are saved from fire when the plans are on the drafting board.*

sanitary and plumbing regulations, are really practising economy, which in the long run greatly benefits the community and those manufacturers and wholesalers selling to the merchants there.

### American Optimism

Another factor which has brought about much cheap construction is the ever-present hope that the business will outgrow the present plant, and that therefore there is no need of permanent and safe construction. Too often do we see buildings only a few years old being wrecked in order to erect a larger or taller structure. Why, then, build for all time and to resist all the natural elements?

Just a few years ago a four-story brick building, with wooden joisted floors, was erected on Broadway, New York, with the knowledge that land values would soon force its removal. Needless to say, its construc-

tion was cheapened to the limit. Such a building constitutes a type known to firemen as a "quick burner" and exposes all the surrounding buildings to fire hazards. Occupied, as this building is, by the home office of a concern dealing in a nationally known article, the question naturally arises as to whether such a building is not an outstanding example of false economy. A small blaze, delay in discovery, and there will be total destruction, because in such a building no fire department can "hold" a fire once it has a good start. It was a building of this type of construction which started the Baltimore conflagration in 1904.

There are ways and means of making even the poorest building relatively safe from the fire hazard. The outstanding features of poor construction are those which permit the rapid spread of fire, for even though structures may be non-burnable, most of them contain readily flammable contents. *The arch evil of all construction details are openings which lead vertically from one floor to another.* These in their most common form are stairways, elevator shafts and dumb waiters. The frequent heavy losses of life in the old style tenement house of the larger cities come from the quick passage of smoke and flame from a fire in the basement or first floor to the upper floors, where it "mushrooms."

The total enclosure of all vertical openings is one of the prime necessities of any building which is to be made fire-safe. Such enclosures cost money, and false economy advises against them in virtually every case where the laws do not make them mandatory. This is partly because the owner does not know of the great danger and often has no idea where information of an authoritative character can be obtained.

For years the stock fire insurance companies have maintained inspection bureaus and boards of fire underwriters, who gladly advise on all these features of better construction. Not

(Continued on page 35)

## A timely insurance coverage of special interest

Few property owners protect their property against damage by windstorm yet losses of this nature are frequently occurring to an extent which would impair your security as mortgagee on the property.

To meet this situation we offer a blanket windstorm policy which covers on all property upon which you have loaned money and indemnifies you on any windstorm loss to the full extent that your mortgage interest is affected.

The cost of this policy is very low—10 cents per \$100 of insurance for three years. You are only required to carry insurance equal to 25 per cent of your total mortgage interest in order to collect full indemnity on an individual loss.

Many loaning institutions have already taken advantage of this protection.

Write us for additional information and recommendations to fit your requirements.



**SPRINGFIELD FIRE & MARINE INSURANCE CO.  
SPRINGFIELD, MASSACHUSETTS**

*George G. Bulkley, President*

*Remember our advertisers when choosing your company.*

## The Parachute of Business

(Continued from page 23)

insurance carried. I could cite many cases where we have withdrawn credit privileges due to an inadequate amount of insurance being carried.

"As a financial executive, I have a great deal to do with the insurance placed by my own concern and I find this experience to be helpful in advising our customers regarding their insurance requirements."

Horace V. X. Wright, Tacoma Grocery Co., Tacoma, says:

"I place all the insurance on our own property and merchandise. We always advise carrying adequate fire insurance by our customers and where none is carried we call its importance to the customer's attention."

## If I Were A Credit Manager

(Continued from page 11)

experience would make me want to know many things about the insurance carried by those to whom an extension of credit was proposed. I should want to know:

(1) If the merchant carried fire insurance up to at least 80 per cent. of the value of his stock at all times.

(2) If he had a book-keeping system that would give him from day to day or week to week a good picture of the value of his stock.

(3) If he carried windstorm insurance, particularly if he were located between the Alleghany and Rocky Mountains or along that part of the Atlantic coast line where hurricanes do as much or even more damage occasionally than do the Mississippi Valley tornadoes.

(4) If he carried use and occupancy insurance to meet his fixed charges, which would continue even though business had to be temporarily suspended, due to fire or windstorm loss, and to reimburse him for loss of normal profits.

(5) If he held a valuable lease, I should want to know whether fire might not invalidate that lease; and if so, I should want to make sure that he carried leasehold fire insurance.

(6) If he carried public liability insurance which would put on the shoulders of an insurance company the burden of defending him in case a customer or other visitor to his store was injured and brought claims for damages; and which would also put on the shoulders of an insurance company responsibility for the payment of any claim which might be settled in or out of court. I should want to know whether the merchant had what insurance people call "high limits" on his liability policy—in other words, whether he had enough to pay the big verdicts which are sometimes given to claimants. I would make sure that in addition to general store liability insurance he also had elevator liability insurance, if his store had an elevator.

(7) If he had all of his delivery trucks and cars properly insured, and if the limits under the liability and property damage features of that insurance were high enough.

(8) If the merchant employed salesmen or other representatives who used their own cars in business. If so, I should insist upon proper liability and property damage insurance there also, because people injured by such cars can and do sue the firms in whose interest the cars are being used as well as the actual owners.

(9) If—in case the business were owned by a co-partnership or a cor-

(Continued on page 30)

## Ask Those Who Use It

**IT** is significant that many of our new clients come to us on the recommendation of those who use our service.

## CREDIT INSURANCE LONDON GUARANTEE & ACCIDENT COMPANY LTD.

Head Office: 55 Fifth Avenue, New York City

Oliver J. Matthews, Mgr. Credit Insurance Dept. C. M. Berger, United States Manager

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# Business Is Improving

## Say Majority of Credit Managers in 6 Lines

### ROBERT MORRIS ASSOCIATES MENTAL SITUATION CHART

		PRESENT			FUTURE				No. Re- porting
		In Percentage of Replies			In Percentage of Replies				
		Above Normal	Normal	Below Normal	Improving	Stationary	Declining		
Boot & Shoe Mfrs.	September 1928	5.88	55.88	38.24	29.41	70.59	0.00	34	
	August 1928	11.76	47.06	41.18	38.24	58.82	2.94	34	
	September 1927	3.03	60.61	36.36	36.36	60.61	3.03	33	
Department Stores	September 1928	13.51	59.46	27.03	56.76	40.54	2.70	37	
	August 1928	12.50	67.50	20.00	52.50	47.50	0.00	40	
	September 1927	12.50	62.50	25.00	50.00	50.00	0.00	16	
Toy Manufacturers	September 1928	12.00	48.00	40.00	52.00	48.00	0.00	23	
	August 1928	4.00	56.00	40.00	24.00	60.00	16.00	23	
	September 1927	4.54	72.73	22.73	22.73	68.18	9.09	22	
Wholesale Dry Goods	September 1928	0.00	38.30	61.70	27.66	61.70	10.64	47	
	August 1928	4.65	37.21	58.14	32.56	62.79	4.65	43	
	September 1927	3.33	40.00	56.67	66.67	30.00	3.33	30	
Wholesale Grocers	September 1928	14.29	64.28	21.43	51.43	41.43	7.14	70	
	August 1928	11.11	59.72	29.17	45.83	47.22	6.95	72	
	September 1927	4.26	59.57	36.17	25.53	65.96	8.51	47	
Wholesale Hardware	September 1928	4.00	52.00	44.00	28.00	64.00	8.00	50	
	August 1928	6.00	54.00	40.00	36.00	60.00	4.00	50	
	September 1927	5.26	50.00	44.74	28.94	60.53	10.53	38	
All Reports Combined	September 1928	8.37	53.99	37.64	40.69	53.61	5.70	263	
	August 1928	8.71	54.17	37.12	39.77	54.92	5.31	264	
	September 1927	4.84	56.45	38.71	36.56	56.99	6.45	186	

ALEXANDER WALL, Lansdowne, Pa., Secretary-Treasurer of the Robert Morris Associates, the organization of bank credit managers who are members of the National Association of Credit Men, furnishes the above "Mental Situation Chart," compiled from informa-

tion secured by him from several hundred credit managers in 6 different lines of business. Mr. Wall will welcome the co-operation of other credit managers in these lines. He offers also to compile the data received monthly from 25 or more credit executives in any other line.

The figures above show, among other things, that more than 40 per cent. of the credit executives in six different lines report for September that business is improving. Less than 6 per cent. of them report a decline in business,—in fact no one so reporting in two lines.

## Speakers at October 29-31 Robert Morris Meeting

THE Robert Morris Associates will hold its annual fall convention this year on October 29-31 at Cleveland. The members of the organization are the men who study the credit standing of borrowers of billions of dollars each year. They represent some five hundred banks in a hundred and fifty of the principal cities.

Arthur H. Barnes, Vice President, Mercantile Trust Company, St. Louis, is *President*; A. W. Pickford, Vice President, Philadelphia National Bank, Philadelphia, *First Vice President*; J. J. Geddes, Vice President, Illinois Merchants Trust Company, Chicago, *Second Vice President*.

There are two main objects for which the Associates work. The first is the improvement of bank credit data and methods. The Associates have done much to bring bank credit practice in line with changing conditions and new problems and to develop a more scientific study of credits. The second object is the freer interchange of credit information, based upon the better personal acquaintance of members.

The convention at Cleveland will be addressed by the following: Charles E. Adams, President, Cleveland Hardware Company, on "The Evolution of the Vehicle—from Farm Wagon to Automobile." Frank Purnell, Assistant President, Youngs-

town Sheet & Tube Company, on a phase of the Steel Industry. E. L. Shaner, Editor, Iron Trade Review, on "Some Economic Problems of the Metal Working Industry." George E. Roberts, Vice President, National City Bank of New York, on "Speculation and Its Effect Upon Business." Dr. W. Randolph Burgess, Assistant Federal Reserve Agent, Federal Reserve Bank of New York, on "The Federal Reserve System and the Money Market." James E. Campbell, Manager of Credits and Accounting, Sherwin-Williams Co. on "A Story of the Paint and Varnish Industry."

There will also be a plant inspection of The White Motor Company.

## If I Were A Credit Manager

(Continued from page 28)

poration in which a few men were dominant—they had business life insurance to stabilize their credit and tide them over after the death of an important member of the firm or officer of the corporation.

(10) If the merchant carried plate glass insurance, in case he depended very heavily for his success upon his location and his show windows. I should feel certain that the boarding up of his windows might turn profit into loss until the glass could be replaced, and that an insurance company could get the glass in much more quickly than could any individual merchant.

(11) If he were protected against the dishonesty of trusted employees by adequate fidelity bonds.

(12) If he had proper burglary insurance on his safes or his vault and also if he had robbery insurance to protect him against the daylight bandits who might step up to his cash-

ier's cage at any time. I should also want to know if the money carried to or from the bank were protected against loss by hold-up.

(13) If life, accident and sickness insurance were provided for employees through group or wholesale insurance contracts, in case the establishment employed a dozen or more workers. Knowledge that a merchant carried such insurance would give me the feeling that there was co-operation between employer and employees; and such co-operation contributes greatly towards success in business.

(14) If the insurance companies in which the merchant carried his various forms of insurance could and would pay in case of liability. There are so many "bootleggers" in the insurance business, both companies and agents seeking business from the unguarded business man today. I should therefore want to know that the insurance department of my home state had licensed both the insurance company in which I carried my policy and the agent who wrote the risk.

## Credits in Confectionery

(Continued from page 22)

attorney's hands, twelve had invoices 60 days past due, and seven were 30 days past due. They would also show how many accounts were paid up to date, for the signal used for the date of the oldest invoices is moved over into the Paid column when the previous month's purchases have been paid. All this quick information would enable us to decide what immediate steps we should take to avoid losses.

From time to time, I look over the collection records and compare the condition of our accounts in two or more different towns, so as to get a visual idea of what communities seem to be slipping and need detailed attention.

As soon as the remittances received every morning are dated and separated from the checks, they are turned over to the Collection Department and entered on the collection records, so that we have by noon every day all collections entered, which is several hours ahead of the posting to the ledgers. In this way, letters sent out from the Collection Department refer to the condition of the accounts up to the hour when they are written.

Summing up, I should say that the visible record has the advantage of showing instantly (a) accounts past due and the length of time past due up to twelve months; (b) date that each account will be handled again for collection; (c) approximate amount owing on each account; (d) accounts paid during current month; (e) accounts placed for collection; (f) accounts charged to Profit and Loss during the current year; (g) accounts active by cities or states. It also permits accounts to be checked over quickly when salesmen visit the home office.

Further signaling can be used to indicate returned checks, special terms, or purchase of certain products only. This last is of value, since we may have a customer to whom we sell chocolate syrup but not candy.

### In the Meantime —

As in the case with all candy manufacturers, the peak of our business comes with orders for Christmas selling. As these orders are taken several months in advance and customers' credit standing may change



**"WHAT can I do to make defalcations impossible in my business?" asked a perplexed employer after a trusted employe had absconded. "My bookkeeping system is modern, regular audits are made; but still a shrewd clerk has made away with a young fortune."**

There is no accounting system in existence that is fool-proof. Fidelity insurance, while not making defalcations impossible, does protect you against loss. Our agent in your city will give you the facts.

**United States Fidelity  
and Guaranty  
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in the meantime, we have to have a special system for Christmas follow-up. The illustration shows the form we have devised for this purpose.

The salesman sends in from James Smith of Irwin, Pa., an order for Christmas goods amounting to \$387, to be shipped December 5. On November 15, the order is checked with the ledger which shows the account to be delinquent. A letter is written asking for a remittance and the order held up with a call out for November 22. Having no answer by this date, we write again, setting forward the call out to November 29. On that day, a check for \$250 is received and the order therefore approved for shipment on December 5, the original shipping date.

If a Christmas order appears, after investigation of past experience with the customer, to be too large for him, then an entry is made after the line "Cut to," giving the amount we think best suited to his trade and credit expectations. In the above instance, we might reduce the order from \$387 to \$200.

When a Christmas order, held up pending collection of an unpaid balance is finally shipped, the record of the collection procedure is taken out of the special file and put in the Credit File (which is a part of our regular file, but kept in an orange folder) as a permanent record showing how the Christmas order was handled.

To avoid overcrowding of clerical work in December when the volume of shipments is at its height, *invoices for orders that are approved are made out in advance* and kept at the order desk. They are taken up a week before the shipping dates and treated as current orders.

### No Form Letters

We use no form letters for collection purposes. We may repeat a sentence or a paragraph in various letters, but we never print up a supply of letters to be filled in and mailed out to delinquent customers. *If an order is worth a salesman's individual attention to sell, it is worth a firm's individual attention to collect.*

We want a customer who has to be prodded to know we are thinking of him individually, and we incorporate in the body of each letter complete facts about the account. The following samples illustrate our policy. For office convenience, cat-

bon copies of all credit and collection letters are made on gray paper which singles them out from other correspondence.

### Florida Credit Conditions

(Continued from page 13)

*merchant that pays. The quicker you get him into the position where he is making money, the quicker he will become profitable to you.*

Creditors on the whole are eager to assist in every way the distressed merchants, and there is little likelihood of creditors pressing merchants

in the distressed area. However there are always those who will seek to profit by the other fellow's misfortunes. These vultures will point out ways and means to the debtors and creditors whereby they seemingly will profit by listening to their advice. Already they are at work buying up damaged and distressed merchandise, with a view to putting it on the market in competition with legitimate merchants.

This should be discouraged. Creditors should immediately get in touch

(Continued on page 34)



## Every Minute of the Business Day

FOR EACH MINUTE of the business day this Company handles at least one foreign exchange transaction—it may be the opening of an import credit, the collection of a foreign bill, the transfer of money by cable, or any one of the many services which the American Exchange Irving performs for customers doing business or traveling abroad.

Our complete facilities and long experience in dealing with foreign countries, supplemented by the co-operation of correspondent banks throughout the world, insure prompt and accurate handling of all transactions.

## AMERICAN EXCHANGE IRVING TRUST COMPANY

Out-of-Town Office—Woolworth Building

*New York*

Remember our advertisers.

# How About Your Customers?

## Would This Form of Business Service Help Them?

By E. G. Olney

Crane Company, Spokane

Member, Business Service Executive Committee, N. A. C. M.

**T**HE letter printed herewith, mailed with monthly statements by a jobber, awakened retail customers to the fact that they might easily lose everything they owned, through an accident. A ramshackle delivery rig driven by a boy—for which the owner is responsible in the eyes of the law—may cause just as expensive an accident as a costly limousine in charge of a chauffeur.

Without realizing it, debtor merchants may be taking long chances in operating cars or trucks without proper insurance. If heavy damages were collected, how would they affect the accounts? Would the customer still have enough left to pay his merchandise creditors?

The sending of a letter like this is but one form of Business Service. Many credit executives are convinced that the Business Service principle is more important today than it has been at any time in the history of American merchandising.

### A Definition

Business Service is defined in the pamphlet—which no credit manager should be without—"Business Service: Its Purpose and Possibilities," issued by the Business Service Executive Committee of the National Association of Credit Men, whose chairman is J. M. Rust, Union Oil Company of California, Los Angeles. This is the definition:

"Business Service means a service rendered to customers by giving them advice and counsel in the planning of their operations and conduct of their business, thereby persuading them to follow the lines which will necessarily contribute to a continuation of their business in a successful manner. In rendering this service to our customers, we should continually bear in mind that unsuccessful merchants are not so unprincipled as they are incompetent, and that they are not so dishonest as they

are victims of circumstance."

The customer has everything to gain through Business Service. The seller prospers because of the prosperity of the customer. The Credit Manager profits by its successful practice because Business Service

(a) Increases the scope of the Credit Manager's activity and the value of his position to his house.

(b) Broadens the Credit Manager's knowledge of business and fits him to answer questions requir-

ing an intimate knowledge of all branches of merchandising and finance.

(c) Brings to the realization of the principals of the business the increased value of the Credit Department, thus placing the Credit Department upon a higher plane in the concern.

(d) Enables the Credit Manager to become also a salesman by selling service through personal contact with customers.

### A Friendly Letter

Dear Mr. Merchant Debtor:

Would a \$5,000.00 judgment hurt you?

During the past few months several of our customers and friends have had decidedly unpleasant and, in some cases, very expensive experiences in connection with automobile accidents.

Are you fully protected against possible loss? If a suit were filed against you, would you have to pay both attorney fees and damages? A judgment is a serious thing for most of us.

If either your pleasure car or your business car injured some person or damaged another automobile, you might be called upon to defend a suit for a large amount of money. Even if you win the suit, the expense is heavy compared with the cost of insurance.

When you have leisure sit down and figure just how many yearly automobile premiums it would take to equal the cost in worry and money of one suit decided against you in this day of big verdicts. And the fault might not be yours.

Why not insure each one of your cars today and safeguard your business and your home?

Yours sincerely,

THE CREDITOR CO.

*The sending of a letter of this kind to a customer is but one form of Business Service, the constructive principle advocated by the N. A. C. M.*



## Unavoidable

It was not his fault — yet the truck driver's company will in all probability be held responsible for the accident. In this case it will at least mean expensive litigation and in all probability a judgment involving a considerable sum.

Let us hope that the owner of the delivery fleet had vision enough to carry liability insurance. If he did not his resources may be so impaired that his creditors will experience considerable difficulty in the collection of their unpaid accounts.

This is only one of many hazards surrounding the daily conduct of business by manufacturers, wholesalers and retail distributors of which only a small percentage are adequately covered by insurance. We write

*Accident—Workmen's Compensation—Liability—Automobile—  
Elevator—Plate Glass—Sprinkler Leakage—Water Damage—  
Boiler—Engine—Fly-Wheel—Electrical Machinery—Burglary—  
Check Alteration and Forgery—Fidelity Bonds—Surety Bonds.*



MARYLAND CASUALTY COMPANY

BALTIMORE

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## Florida Credit Conditions

(Continued from page 31)

with each of their customers and point out to them the danger of working in the hands of the unscrupulous, and should render every assistance towards rehabilitation, by giving assistance and encouragement to the worthy and under no circumstances lending their efforts towards putting on the market damaged merchandise.

This bureau offers its facilities towards investigation, and bringing the debtor and the creditor together,

but under no circumstances, unless it can be shown conclusively that it is to the best interests of all concerned, will drastic action of any kind be recommended.

There will be numerous *voluntary* petitions in bankruptcy, and we people in the southern peninsula of Florida believe we have had enough experience in this line to handle these cases with dispatch and in the best interests of all concerned.

*Involuntary* petitions, however, should be very few and only resorted to in extreme cases. Here is an ex-

cellent opportunity for creditors to profit by the experience of the last hurricane by closely working with the debtors, and with members of the legal fraternity competent to handle this type of business. The result should be a co-ordination of effort that will put South Florida on a sound credit basis.

## Not Subject to Hurricanes

In spite of the fact that we have had two serious storms within two years, South Florida is not subject to hurricanes, for these are the only two storms carrying any great damage, that have been experienced in the past twenty years. This storm is the same one that crossed Porto Rico and the Bahamas.

## Okeechobee District

Lake Okeechobee is the largest inland body of water in Florida, and is located in the central part of the Southern Peninsula, directly west of Palm Beach. To the south lies the vast Everglades, to the north is the district drained by the Kissimmee River.

Lake Okeechobee is about twenty feet above sea level, and its drainage is a serious problem that Florida has to contend with. Around its shores is rich agricultural country. It is said that anything that grows can be grown to advantage in this district, and at a time of the year when its products are most marketable. The climate does not call for well constructed homes, and the people who have pioneered into this rich country live ordinarily in small homes of light construction.

The hurricane hit this country full blast, with heavy rains, and the result was that in this district, we not only had the wind velocity, but had the danger of a flood. The loss of life was terrific, for there is little chance of escaping with a combined flood and hurricane.

The great loss of lives and the loss of property in this district will seriously affect the early crop, for the Red Cross has ordered the evacuation of this district of all residents, until such time as it can be cleaned up and this is the planting season.

## The Dead

Although this is intended only as a survey as to the effects of the storm we would neglect our duty to those

**SHIELD of Protection**

**HOME OFFICE**  
Fourth & Walnut St.  
Philadelphia  
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**DEPT OFFICES**  
Atlanta  
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**ALMOST EVERY KIND INSURANCE EXCEPTING LIFE.**

**J.W. Cochran President.**

**and Affiliated Companies.**

**FIRE ASSOCIATION OF PHILADELPHIA**  
Capital \$300,000

**THE RELIANCE FIRE INSURANCE CO.**  
Capital \$1,000,000

**CONSTITUTION INDEMNITY COMPANY**  
Capital \$1,000,000

**FIRE ASSOCIATION of Phila.**  
Capital \$1,000,000

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who have so nobly assisted the living and taken care of the dead, were we not to pay tribute to them at this time.

We sincerely hope that the dead will not have died in vain, and that the attention of the Government will be so directed to the controlling of the waters of the Okeechobee, in order that the world may benefit by the results to be obtained from this God-given area.

### *Storm Insurance*

There is a marked lack of storm insurance on both real property and merchandise stocks. The lack of facilities to adjust insurance losses quickly has seriously delayed reconstruction, and caused great loss, due to rust, mold, corrosion, etc.

### *The Red Cross*

The local authorities, state troops and citizens in general, together with assistance of the National Red Cross, have the situation well in hand, but there is a serious need for cash, and the members of the National Association of Credit Men are urged to contribute unstintingly to the fund that is being raised to take care of the relief work in the storm stricken districts.

### *Credit Service*

We have established in the storm stricken area suitable connections for the handling of credit reports, investigations, etc., and this office is fully equipped to handle the needs of our members and affiliated bureaus throughout the storm stricken area, and the southern peninsula of Florida. Members of the N. A. C. M. should not hesitate to call on us whenever we can be of service.

*The Tampa Association of Credit Men is prepared to render similar service in the Okeechobee district.*

### *False Economy in Building*

*(Continued from page 26)*

only can ideas of proper building erection be obtained, but suggestions for economies, such as the best way of protecting hazards of a given industry, are freely furnished by experienced engineers of these organizations. Unfortunately many of the ideas and plans suggested are discarded by the plant-owner because he considers them too expensive and because he believes only the insurance

**You ALWAYS Get  
"GOOD  
INK"**

*When You Ask for*

**SANFORD'S  
PREMIUM WRITING FLUID**



## *Credit is an investment—*

SOUND INSURANCE backs Safe Investments. Proper selection of substantial indemnity is, therefore, just as essential as a careful extension of credit. They are linked hand in hand. With an unbroken record of sound financing and prompt payment of losses extending over more than three score years and ten, your interests are surely protected when placed with any of these affiliated companies, with

**Combined assets of more than \$64,000,000.00**

**THE PHENIX**  
INSURANCE COMPANY  
HARTFORD, CONN.

*Connecticut*  
FIRE INSURANCE COMPANY  
OF HARTFORD, CONN.

**FOUITABLE**  
Fire & Marine Insurance Company  
PROVIDENCE, R.I.

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companies would be benefited. The fallacy of such a view is so self-evident it seems impossible that it should have originated with a business man; but there are innumerable times when failure to spend a few dollars to relieve or correct a condition has ultimately resulted in the total destruction of a store or factory, with heavy loss to owners, creditors and the community.

A study of the fires of many of our American cities discloses one fact, which should be of general interest. Of the many thousands of fires to which a fire department responds, less than two per cent. are serious. The large majority are small, of insignificant loss, and easily extinguished. Many are out upon arrival of the apparatus and others are extinguished with a chemical line. If all fires were of this character our fire departments could be cut to a minimum; *in many foreign cities this is the present situation.* In American cities and towns, without exception, conditions are such that conflagrations are possible, and it is necessary to maintain a fire department as nearly equal to the demands of such a conflagration as the funds of the city permit. In many

cities, as shown by the detailed reports of the Board of Fire Underwriters, finances fall far short of permitting a complete and adequate water supply and a well manned and equipped fire department.

### Structural Defects

It might well be asked what conditions bring about these serious losses in two per cent. of the fires. The answer is false economies in building construction, in protecting hazards, and in plant operations. Space does not permit detailing here all of these and only a rough outline of the structural defects will be covered:

In addition the major defect of (a) providing ready means of fire-spread by non-enclosed stairways and elevators there are (b) the continuous passageways provided by recesses and small openings between outside walls and inside plastering or sheathing, belt and pipe holes through floors, and (c) inaccessible cock-lofts and attics, in which fire may burn for some time before it is discovered.

Nearly always serious are (d) cellar and basement fires, first, because there is usually serious delay in discovery and, second, because they are inaccessible to the firemen and always make smoky fires. In spite of this, space below street level is extensively used for storage, because it is not "economy" to leave the space unoccupied, even though fire there will mean enormous loss in burned property and operating time.

What city dweller has not gone into the basement of even a modern apartment house and observed all available space used for the storage of wooden cases and extra furniture of the tenants? What credit executive has not seen the basement of a hardware, grocery or dry goods store filled with reserve stock and plenty of rubbish? Of course basements and cellars should be used for such occupancies, but proper construction must go with such use. The ceiling and floor above should be fireproof to keep the fire from spreading, suitable partitions should be built to limit the spread of fire, and most important of all, proper protective devices should be installed.

Another ready cause of serious fire is the use of (e) large area buildings. Some of the worst fires on record are armories, exhibition halls, car barns, garages and factories, where there is an area of ten or twenty thousand square feet between the surrounding walls. Some are even larger when viewed as fire areas, because they interconnect with other areas by means of passageways without suitable fire doors. In addition to the usual large accumulations of goods in such buildings there is the further objectionable feature that fires are not readily discovered, especially at night, and that the fire department is usually so handicapped by infrequency of windows and doors, and by the width and length of the building, that it is impossible to get streams into the heart of the fire. Neither, as a rule, can such buildings withstand severe fires; floors and walls quickly collapse. If the building has considerable height, conditions are even more serious.

Corrective measures are available, such as changes in the structure itself, or the use of fireproof material in new buildings, but in most cases the only safeguard lies in preventive measures and protective appliances. These all cost money but are true economies, not only in a saving of insurance cost, but in the larger saving to creditors, the community and the country as a whole, since through such means, and only through them, will there be a reduction in the wastage now occurring in America's ash heap.

### Credit Monthly Prize Award Aftermath

THE CREDIT MONTHLY cash prize awarded to the Aetna Insurance Co., Hartford, for one of the most effective series of advertisements published in the magazine during the period May, 1927, to May, 1928, has been spent by G. E. Crosby of the insurance company for a mahogany clock presented to its Publicity Department. Members of the department, after the installation of the clock, purchased another similar clock for presentation to the Printing Department of the company in appreciation of their co-operation, not only in producing the CREDIT MONTHLY series of advertisements, but in all the joint efforts of the two departments.

### Nationalize Your Credits

## One Month's Convictions

Each month this magazine carries a complete list of the month's convictions obtained by the Credit Protective Department of the National Association of Credit Men. These offenders have been found guilty of commercial frauds. No matter what the offense, some honest wholesaler has suffered from the depredation.

Eliminate this risk from your business. A National Policy of Credit Insurance is the guarantee of the World's Largest Surety Company to prevent, else pay, credit losses.

## National Surety Company

WM. B. JOYCE, Chairman  
E. M. ALLEN, Vice-President

E. A. ST. JOHN, President  
W. L. CLEMENS, Asst. Vice-President

115 Broadway, New York  
Agencies in All Principal Cities

Remember our advertisers when choosing your company.

# "Prepare for Death and Follow Me!"

On crumbling tombstones in old churchyards  
there sometimes will be found this solemn warning:

"As I am now so will you be,  
Prepare for death and follow me"

WHILE the present age does not "take thought" as seriously as did our forefathers, the prudent man will not ignore the existence of certain well-populated *business graveyards*. He will read the names on the stones, note the causes of death and then apply the lesson to his own affairs.

Every few days, there is a fresh grave in the vast cemetery of *Insurance Mutuals and Reciprocal*s. Another group of weeping mourners (policyholders) watches the lowering of another still form into the waiting earth and another headstone is added to the many hundreds which already stretch off "row on row."

Particularly in the *Automobile Section* of this burying ground does the in-

terment proceed apace. How many bright hopes of cheap "protection" that would be "just as good" lie here forever silent! And still they come and come and come! So long as credulous car owners believe that they can get something worth while without paying for it, the number will grow more and more.

And worst of all, this cemetery is *haunted*. The bodies of these so-called "companies" may have passed away but the spirits of many have not yet been "laid." They continue to harrass former policyholders with pressing claims of unpaid liabilities.

Stock Insurance, like that of the Glens Falls Fleet, is free from ghosts. It sells *protection, not liability*.

Valuable information for credit men is contained in the January 1927 list of 1530 Defunct Mutuals and Reciprocal. This list will be sent free upon request to the Home Office of the Glens Falls Insurance Company.



Remember our advertisers when choosing your company.

**THE  
ÆTNA FIRE GROUP**

Three Strong Companies  
Providing Dependable Insurance  
in FIRE and ALLIED LINES  
and in CASUALTY and SURETY  
PROTECTION

**PILLARS OF STRENGTH**

ÆTNA  
(FIRE)  
INSURANCE COMPANY

THE WORLD FIRE &  
MARINE INSURANCE CO.

THE CENTURY INDEMNITY CO.

## Could You Replace Your Credit Records?

(Continued from page 25)

such manner as is open to the insurance policy. They cannot be readily classified nor can they be covered for definite periods.

Each man, handling important records daily, must be held responsible for their safe custody. Each must be consulted regularly to see that he is furnished with adequate equipment for their protection. Each must be supervised to guard against lapses in the proper routine.

Perhaps the principal cause of inadequate protection of records—and there is much of it today—is neglect to recognize that business growth brings new records or improved procedures which transmute old records of little value into modern records of great value. This changed value of records often continues for long periods before it is recognized to the extent of introducing commensurate protection in the form of equipment.

Particularly is this true of those office practices which have been reduced to machine operations. The loose leaf and the card, so much a part of machine practice, call for a type of protection adapted to their needs, often differing materially from that of the book or bound volume.

How many organizations have an established practice for the centralized supervision of record protection equal to that of their protection of plant and merchandise? How many can go to a single official and ascertain the standard of their equipment for the security of that feature of their business which, together with their personnel, would have to furnish the very back-bone of any reorganization?

The Treasurer and the Credit Manager have a special interest in this subject. In their departments are lodged many records, the loss of which might easily represent a disaster. Their responsibility in this regard cannot be satisfactorily fulfilled by an occasional thought given to a particular record. It can be adequately satisfied only by an organized effort which shall provide for a periodic review of all records in their charge, with the object of determining their protection in relation to their value at the time.

## For Better Credits

(Continued from page 15)

it is to insurance, in many cases, that he must look for the payment of his account.

The credit manager therefore does well to advise each of his clients to have a competent, well informed agent survey his business and its insurance needs in order to assure himself that he is properly and adequately protected. In many cases some means of reducing rates will be found. A rate reduction generally means decreased hazard.

Speaking for the National Association of Insurance Agents, representing over 11,000 agencies and over 40,000 producers of insurance throughout the United States, I can testify to our loyal co-operation toward the ends which the National Association of Credit Men is striving to attain. Both of these organizations have a solemn obligation to serve society constructively, equitably and justly. It is our duty to extend credit to and provide insurance for everyone who is worthy, to withhold these services from the unworthy, and to halt, to the extent of our ability, the steadily mounting losses that are caused by the careless and dishonest.

## The Crook That Couldn't Be Caught

(Continued from page 18)

CANT YOU HURRY SAM  
STOP OLD GOTTELEIB IS GET-  
TING SUSPICIOUS STOP  
YOU'RE THE ONLY ONE WHO  
CAN HANDLE HIM STOP  
PRETEND YOU WANT THE  
PROPERTY FOR A NEW  
STORE.

HARRY

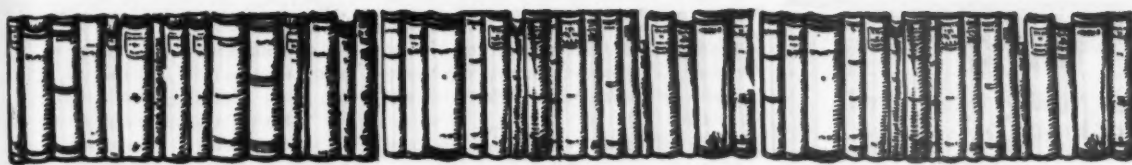
That second faked telegram turned the trick. It was arranged that Lucky should take a certified check for Selma's \$10,000, and \$1,000 of his own, on Monday and go to New York. He decided to suggest at the last moment that it would be a fine time to take the ring along and have it cut down. Selma would not be likely to offer any objections to that. Lucky felt that the game couldn't be going better.

At the station Monday morning, Lucky had the surprise of his life. Selma was waiting on the platform, with two bags packed.

"I'm going with you, Sam," she announced.

(Continued on page 42)

Remember our advertisers when choosing your company.



# The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

## A Guide to Risk-Bearing

INSURANCE. S. B. Ackerman. Ronald Press Co., N. Y. 1928. 600 pp. \$5.

The name of Professor Ackerman is doubtless familiar to many credit managers, as he is co-author with Dean Neuner of the Ronograph, "Credit Insurance."

In his present volume Professor Ackerman describes all of the generally used forms of coverage, starting with life insurance and treating successively fire, sprinkler leakage and water damage, rain, hail, windstorm, tornado, earthquake, explosion, riot, live stock, marine, accident and health, public liability, workmen's compensation, automobile, aviation, burglary, theft, plate glass, steam boiler, power plant, credit, title, fidelity and surety bond coverage.

Following the description of the varying forms of coverage are several chapters on special topics such as types of insurance carriers; rate-making associations; organization and management of insurance companies; reinsurance; investment problems of the companies; and legal interpretation of the insurance contract.

Chapter XXIV on "Types of Insurance Carriers" will do much to clean up the uncertainties which appear to exist in the minds of many who buy insurance, as well as in the minds of some who are selling it. Six types of organization are described: stock companies, mutual companies, reciprocals, Lloyd's, state and self-insurance.

The public has probably not clearly realized the extent to which government has invaded the insurance field. The United States Government operates the war risk insurance bureau providing life insurance and disability benefits for soldiers and sailors. State funds have been organized to write workmen's compensation insurance and hail insurance on farmers' crops. These funds may be either monopolistic or competitive. Their outstanding features are summarized by Professor

Ackerman as follows:

1. In some cases they operate at a lower cost than private organizations.
  2. In the past the tendency has been to provide for payment of losses, rather than for the prevention of losses.
  3. In many cases, a portion of the risk is indirectly assumed by the citizens of the state. The fund may be relieved from paying taxes on its premium income, or is given the use of state buildings and employees of other departments.
  4. The state funds are mutual, collecting premiums, paying losses and expenses, and returning dividends if there is a surplus.
  5. In some cases, the state funds are not permitted to assess policy-holders. In such cases it would seem that if there is any deficiency, this sum must be provided by taxation.
- To facilitate the use of this volume for textbook purposes, Professor Ackerman has provided problems, which are grouped together at the end of the book. Heretofore, books on insurance have been written largely for the benefit of those engaged in providing or selling coverage. This book will be very useful to them, but it will also find a welcome from those who buy insurance, a large and important group that has, until recently, been left in the background, if not entirely out of the picture.

## Dr. Fisher's Rubber Dollar

THE MONEY ILLUSION. Irving Fisher. Adelphi Company, N. Y. 1928. 248 pp. \$2.

The so-called business cycle, says Professor Fisher, is largely a "dance of the dollar." Stable money would flatten out this cycle and go far to remedy the crises, depressions and unemployment from which we have suffered so grievously.

Dr. Fisher's findings in regard to "our absurd yardstick of commerce," known as the dollar, are substantially as follows:

1. The problem of what to do about

our unstable money is one of prime importance.

2. It has been all but overlooked because of the Money Illusion.
3. This Illusion is the more serious because every man finds it harder to free his mind of this Illusion as to the money of his own country than as to foreign money.
4. This Illusion so distorts our view that commodities may seem to be rising or falling when they are substantially stationary; wages may seem to be rising when they are really falling; and profits seem to exist when they are really losses.
5. The present fixity of weight of our dollar is a very poor substitute for a fixity of value or buying power.
6. By actual index number measurement, our dollar rose nearly four-fold and fell back to the starting point again between 1865 and 1920.
7. Most of the dollar's fluctuations were while the dollar was a gold dollar (1879-1922).
8. They were largely peace-time fluctuations.
9. These fluctuations, though serious, shrink into insignificance in comparison with the thousand-fold to million-fold fluctuations in Europe.
10. The cause of a falling or rising dollar is monetary inflation or deflation.
11. To go back to the causes of inflation or deflation, the extreme variability of money is chiefly man-made, due to governmental finance, banking policies and legislation; but also due in part to discoveries or exhaustion of gold mines, and changes in metallurgical art.
12. The violent fluctuations of money produce tremendous harm.
13. This harm includes confusion and uncertainty in all financial, commercial and industrial relations.
14. We can, as individuals, safeguard ourselves in part against the harm from unstable money by translating our accounts into stable dollars, by trying



## When the wind blew

it not only swept down the plant of the Dodd Company

It took with it their hard won position over their competitors.

Members of the Dodd organization are now sold on **WINDSTORM INSURANCE**—but it took a costly lesson to teach them its worth.

*Are you safe when the wind blows?*



**National Liberty Insurance Company of America.**

Home Office: 709 Sixth Ave.  
New York



Over \$76,000,000 Losses  
Paid Since Organization

to forecast the dollar's worth, by employing investment counsel, avoiding too many bonds, diversifying our investments, and by "contracting out" especially by employing the index as a corrective.

15. The real solution is to be found in credit control and gold control.

## Judge Isaac on Bankruptcy

FACTS ABOUT BANKRUPTCY. 1928. Max Isaac. American Bankruptcy Review, Inc., N. Y. 1928. 332 pp. \$5.

The author of this compendium, Judge Max Isaac, was formerly Referee in Bankruptcy for the Southern District of Georgia, and is now editor of the American Bankruptcy Review. In the preparation of this volume he had the assistance of a special staff of contributing editors.

Judge Isaac presents first a directory of lawyers who are specially equipped to handle bankruptcy matters in the various states, and then sets forth the bankruptcy laws of the United States including the revisions provided by the act of May 27, 1926, with annotations of leading cases, and other references covering the period ending March 1, 1928.

The next section deals with General Orders in Bankruptcy, as adopted and established by the Supreme Court of the United States November 28, 1898, and as amended by the Supreme Court in the October Term of 1928. Then follows an abstract, by states, of the laws relating to conditional sales, exemptions, etc. This constitutes, of course, the largest section of the book.

The parts provided by the contributing editors include an address on bankruptcy which Samuel C. Duberstein of the Brooklyn Bar broadcast over Station WLWL on January 30, 1928; an article by F. Goldstein of the Atlanta Bar on "The Four Months Clause in Bankruptcy"; one by Jay T. McCamic of Wheeling, W. Va., on "Rights of Margin Customers in Brokers' Failures"; one by David B. Tolins of the New York Bar on "Contempt in Bankruptcy Proceedings"; and one on "Life Insurance as an Asset in Bankruptcy" by William Harris of Newark, New Jersey.

The volume is concluded with a revised list of the Officers of Court in charge of bankruptcy administration, covering the Supreme Court, the United States Circuit Court of Appeals and the United States District Courts in all of the states.

The radio address on bankruptcy, mentioned above, contains some interesting historical references. Our bankruptcy law, Mr. Duberstein reminds us, found its origin in the English Bankruptcy Acts, the first of which was enacted in 1542, during the reign of King Henry VIII. When the colonies threw off the English yoke, they provided in the Constitution (Article I, Section 8, Clause 4) that

"The Congress shall have power . . . to establish . . . uniform laws on the

subject of Bankruptcies throughout the United States."

As to discharge from bankruptcy, it has been said that this provision finds its origin in the 15th Chapter of Deuteronomy:

"At the end of every seven years, thou shalt make a release. And this is the manner of the release: Every creditor that lendeth ought unto his neighbor shall release it; he shall not exact it of his neighbor, or of his brother; because it is called the Lord's release."

However, the fact remains that a bankrupt is now granted a discharge from his debts only after he has surrendered his assets, a proceeding which was not called for under "the Lord's release" of Biblical times.

## How Banks Are Operated

THE PRACTICAL WORK OF A BANK. William H. Kniffin. Bankers Publishing Co., N. Y. 1928. 618 pp. \$7.50.

Originally published in 1915, this manual of banking principles and practice has now reached its seventh edition. Its author, who is Vice-President of the Bank of Rockville Center Trust Company, New York, has also to his credit several other volumes, including "Commercial Paper and the Analysis of Credit Statements" and "The Business Man and His Bank."

Although Mr. Kniffin addresses his message chiefly to bankers, actual or prospective, his style is so direct and his material so full of general interest that his audience is bound to be a large one. The physical make-up of the book will also contribute to that end, as the type is large, the paragraphs not too long, and there are frequent and well-phrased sub-heads in every chapter.

Following the initial chapter on "The Thing We Call Money," the author discusses the bank as a credit machine, and defines and classifies the different kinds of banking institutions. He then takes up problems of organization and administration, covering under the latter such topics as deposits, the functions of receiving and paying tellers, clearings and collections.

Chapter IX discusses loans and discounts, Chapter X the bank as an accounting machine, Chapter XI checks and their collection, and Chapter XII bank examinations and audits. Then follow three chapters which cannot fail to interest credit managers,—“Essentials in Granting Credit,” “The Credit Department,” and “Deductions of a Credit Man.”

Credit, we are reminded, is the life-blood of business, one of the "essential elements in banking and finance. Without it, the present high state of business would not have come to pass, nor could it long continue. Credit constructs railroads, opens mines, spans rivers, paves streets, improves farms, builds houses, moves the commerce of the country and wages war."

Mr. Kniffin's discussion of personal, mercantile and banking credit, and their interrelations, is particularly effective. The terms of mercantile credit, he says,

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should be on an economic basis. They should not be longer than is needed to turn the goods into the next process. The buyer should pay for his goods as soon as he has sold them.—We can easily find 30,000 credit managers to second this motion.

After the chapters on credit follow suggestions on cost accounting in banks, the handling of mail, filing, and budgeting bank expenses. Special chapters are devoted to foreign exchange, the Federal Reserve System, and banking as a career. The concluding chapters are "Knowing Your Bank" and "If I Were a Bank Director."

In more than 200 reviews written for "The Business Library" in the CREDIT MONTHLY, the reviewer has never used the first person singular until now. If I were a bank director, I should certainly own and use this book.

### Oral Expression

HOW TO TALK. John Mantle Clapp and Edwin A. Kane. Ronald Press Co., N. Y. 1928. 647 pp. \$5.

Put your mind on the other man, say these talking New Yorkers. Consideration of the other fellow is essential in all talk, first, last, and all the time. You cannot safely take for granted that he will agree with what you say, that he will understand, or even hear you distinctly. Unless you aim every statement at him, as you aim a ball when you throw it, you are not really talking—you are delivering a monologue.

That this readable and well-built manual of oral expression is not concerned entirely with "public speaking" is indicated in the sub-title—"Meeting the Situations of Personal and Business Life and of Public Address." Other writers have side-stepped the problem of talking to one's friend or one's family, but not so Messrs. Clapp and Kane, who offer usable suggestions on that toughest problem of all—how to talk to relatives.

As for business conversations and conferences, one could scarcely put the case too vigorously. The man who cannot stand on his feet and speak coherently and without self-consciousness simply doesn't figure in business today. In the commercial free-for-all he is left at the post. And so we have thousands of business executives who will not play bridge tonight because they are doing something far more important—learning how to talk.

The up-to-dateness of this new text is revealed in such paragraphs as those devoted to talking over the air. Radio is a new thing, but a technique of broadcasting has already been developed. In radio talk, words must be carefully grouped. It is not individual words that count most, but phrases and patterns of words. Enunciation must be distinct. Radio speakers must watch the letter "s". Inflections must be carefully guarded and when you shift gears you must tell your listeners what

is coming, so that they will not be too greatly disturbed by the grinding.

Speakers of all kinds should avoid auto-intoxication. They must not allow themselves to become victims of their own excitement. It was this that Disraeli had in mind when he characterized Gladstone as "intoxicated with the exuberance of his own verbosity."

Messrs. Clapp and Kane have done a good job. They have put over their message with admirable vigor and tact, and have brightened it with so many engaging stories and anecdotes that it would be good reading even for the habitually silent. We nominate the New York University Lecturer on Speech and the City College In-

structor in Public Speaking to write the book for which Hollywood is now clamoring,—"How to Speak for the Talkies."

### Interest in Credits

is not limited to your own Department. What you do is of vital concern to the other officials in your business and to the Sales and Accounting Departments. They will have a better understanding of credits if they have access to the *Credit Monthly*.

Subscribe for them, at the special rate for additional copies to members of the N. A. C. M.—\$2.50 per year.

Your understudy might like to have his own copy too!

National Association of Credit Men,  
One Park Avenue, New York.



## "Like Some Insidious Disease!"

"There is nothing spectacular about bad debt losses—nothing to incite the imagination. Like some insidious disease, they approach stealthily—get in their deadly work and silently steal away."

—The Magazine of Business

You can't foresee when bad debt losses are going to hit you, or from what source, or to what extent. But you *can* absolutely safeguard against all abnormal

### Credit Losses

Credit Managers, an American Credit Insurance policy will protect all your firm's resources—net profits, surplus, capital; it will eliminate fear and worry; it will provide you with efficient collection facilities. Get the details of this tried and proved service.

**The AMERICAN  
CREDIT-INDEMNITY Co.**  
OF NEW YORK J. F. McFADDEN, President

Offices in All Leading Cities

New York, St. Louis, Chicago, Cleveland, Boston,  
San Francisco, Philadelphia, Baltimore, Detroit,  
Atlanta, Milwaukee, etc.

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## Addresses Wanted

*This column is read by some Credit Managers before any other feature of the magazine. Any member of the National Association of Credit Men can have names listed herein. He has only to send the names to the secretary of his local Association of Credit Men or to S. Ardron, Jr., Credit Protection Department, N. A. C. M., One Park Ave., New York. Members are requested to mention the line of business as well as the last known address.*

**APTT, RAYMOND**, 35 Grove St., White Plains, N. Y.  
**ACADEMY FLOOR SURFACING CO.**, 2 W. 107th St., New York City.  
**ALMOND, K. C.**, Alamosa, Colorado.  
**AURORA HAIR TONIC CO.**, 19 Washington St., Boston, Mass.  
**BARKER & WHITNEY**, One West Madison St., Oak Park, Ill.  
**BECHLER, HENRY**, tlg. as Oriole Radio & Distributing Co., formerly at 4121 W. North Ave. & 810 Gables Blvd., Wheaton, Ill.  
**BIJO, M. J.**, Birmingham, Ala.  
**BLUE, E. K. or HERBERT, VIVIAN (MISS)**, formerly operating the Prince Charles Hotel Beauty Shop, Fayetteville, N. C.  
**BLUE, JAMES F.**, 3451 W. 32nd Ave., Denver, Colo.  
**BOZZI, T. A.**, 191 Columbus Ave., New Haven, Conn.  
**BRANSCOM, A. E.**, Sopris, Colo.  
**BUCHANAN HTG. CO.**, 1306 No. Clark St., Chicago, Ill.  
**BURDICK, W. J.**, 1506 W. 26th St., Milwaukee, Wis.  
**BURFORD, E. C.**, Pasadena, Calif.  
**BURGESS, L. D.**, formerly operated Oriental Park & Tea Room, Hattiesburg, Miss., present address unknown.  
**CARLISLE, E. R.**, trading as Producers Advertising & Distributing Co., 508 S. Dearborn St., Chicago, Ill. Jewelry & novelties.  
**CASE, L. CLAIRE or CLAIRE CASE**, interested in vaudeville acts and also understood to be known in Los Angeles, Calif.  
**CHITTINGER, E. C.**, Graettinger, Iowa.  
**CHRISTIAN, E. A.**, Kansas City or Leavenworth, Kansas.  
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**CLINKOFFSTINE & CO.**, I. W., Cleveland, O.  
**COCHRAN DRUG CO.**, W. H., Alva, Okla.  
**COLE, A. B.**, 101 Park Ave., New York City.  
**COLONNA, A. J.**, Merry Mount Pharmacy, 218 Sea Street, Quincy, Mass.  
**COLUMBUS PARQUET FLOOR CO.**, 130 E. 110th St., New York City.  
**CURTIS, H. H.**, 111 Broadway, Pueblo, Colo.  
**DECKERT, ROBERT**, last address, Wink, Tex.  
**DEPUY & CO., INC.**, OTTO C., 645 Main St., Hackensack, N. J.  
**DI PAOLA, T.**, 301 Myrtle Ave., Brooklyn, N. Y.  
**DOUGHERTY, H. E.**, c/o Thomas Day Co., 1720 Broadway, Oakland, Calif.  
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**DUNNE & CO., M.**, formerly at 412 South Cicero Ave., Chicago, Ill.  
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**EDMONDSON, J. L.**, Albuquerque, New Mexico.  
**ELEANOR-ELAINE SHOP, INC.**, 117 W. 48th St., N. Y. C.  
**FISHBURN, L. T.**, 357 Rosella St., Watts, Calif.  
**FISHER, W. G.**, formerly at 2658 Eddy St. and later 4314 Bernard St., Chicago, Ill.  
**FLEMING CLOTHES, INC.**, 357 - 5th Ave., N. Y. C.  
**FRANZ & CO., LEO**, 198 Washington Ave., New Rochelle, N. Y.  
**FROMWILLER, C.**, 181 Meserole Ave., Brooklyn, N. Y. (Garage).  
**GALLET, LOUIS**, 2416 State St., East St. Louis, Ill.  
**GEORYULIS, GEO.**, formerly at 2400 W. North Ave., Chicago, supposed to be in Champaign, Ill.  
**GILBERT, IRVING**, trading as Salem Products, Inc., 23 E. 20th St., N. Y. C. Residence, 146 W. 95th St., New York City.  
**GILLEN, GEO. E.**, 317 S. Jefferson Ave., St. Louis, Mo.  
**GODDARD, HAROLD M.**, Lynwood or Los Angeles, Calif.  
**GOFF, C. C. TINNER**, Salisbury, Mo.  
**GOLDSTEIN, M.**, formerly operated a clothing store at Tarboro, N. C., in 1927, later moved to Murfreesboro. Now removed to parts unknown.  
**GOSSARD, R. L.**, formerly White Lake, S. D., also Ark.  
**GREEN, JOE**, (S. M. Wks.) Pekin, Ill.  
**GREEN, JULIUS**, 237 Rivington St., New York City.  
**GREENPOINT WOODWORKING CO.**, 119 Greenpoint Ave., Brooklyn, N. Y.  
**GROLLMAN, M.**, formerly owned and operated G. & G. Lighting Fix. Co., 1801 Lexington Ave., New York City.  
**HART, L. M. (MRS.)**, Harts' Restaurant, 778 Calumet Ave., Hammond, Ind.

**HALL TIRE SHOP, L. A.**, L. A. Hall Tire Shop, Center, Colo.  
**HARTMAN, WILLIAM**, 9308 Jamaica Ave., Woodhaven, New York.  
**HEASLEY, J. W.**, formerly in the grocery business in Depew, Okla. May be somewhere in Texas.  
**HEMM, ARTHUR W.**, Oswego, Ill.  
**HENDRICKSON, L. R.**, formerly at Marquette, Kansas.  
**HERRING, MARK**, Wyaconda, Mo.  
**HIGHLAND GARAGE, INC.**, 160 Highland Ave., Newark, N. J.  
**HADAD, CHARLES**, West 34th St., New York City.  
**HODGENS, G. O.**, proprietor of Hodgins Music Store, Homestead, Pa.  
**HODGSON, J. A.**, Rawling, Wyo.  
**HUDSON, ALBERT H.**, tlg. as Forrest Delicatessen, 324 Forrest St., Kearny, N. J.  
**HUGHES, Z. E.**, Wellington, Colo.  
**HUNT, C. V.**, 3324 S. Washington St., Denver, Colo.  
**HURST, M. L.**, formerly of Hattiesburg, Miss., reported as having gone to Eldorado, Ark., but has not been found there.  
**INGRAM, ROBERT**, Boulder, Colo.  
**INGLESE, JOS.**, proprietor of Florence Phar., 23 Monroe St., New York City.  
**JANSON & CO.**, 25 Broadway, New York City.  
**JUDKINS, F. E.**, Basin, Wyo.  
**KAHN MERCHANDISE CO.**, 621 Broadway, New York City.  
**KAHAN, SOL**, Prop. of Dadson Paint & Glass Co., 397 E. 134rd St., New York City.  
**KENNEDY, JAMES L.**, Hedley & Dallas, Texas.  
**KUHNBAUM, GEO. A.**, Raton, New Mexico.  
**LANGHURST, HENRY**, 152nd St. & 7th Ave., New York City.  
**LEWIS BROTHERS, (S. D., B. E., J. K.)**, formerly plumbers in Corpus Christi, Texas, up to October, 1927, went somewhere to the West Coast.  
**LAWRENCE, GEORGE**, Englewood, Colo.  
**LEBEWOHL, E.**, The Causeway, 60 Causeway St., Boston, Mass.  
**LEVY & LEVISON**, formerly operated the Hotel Berkshire, 15 E. Ohio St., Chicago, Ill.  
**LOEB, ERNEST G.**, 511 City Hall Square Bldg., formerly Northern Dairy Products Co., Levering, Mich.  
**LOGAN, FRANK**, Pamona, Calif.  
**LOWE, RALPH G.**, formerly operated a garage at Skowhegan, Maine, handling Ford and Buick cars.  
**MADAD, CHARLES**, West 34th St., New York City.  
**McCLELLAND, HUGH**, last address, Wink, Texas.  
**McGOWIN, L.**, Craig, Colo.  
**MEIXEL, J. M.**, Limon, Colo.  
**MINKLER, S. F.**, Sterling, Colo.  
**MONTGOMERY, E. R.**, Bradford, Iowa.  
**OFFENFUTTER, STANLEY**, tlg. as Stanley's.  
**OLMSTEAD, W. A.**, Long Pine, Nebr. and Alamo, Tex., now supposed to be in Canada.  
**OLSON, R. W.**, Pueblo, Colo.  
**Radio Shop**, 23 E. Gunhill Ave., N. Y. C.  
**POWELL, N. M.**, formerly owned Machinery Equipment Co., 325 Blanche St., Jacksonville, Fla.  
**REBERGER, S. H.**, 727 1/2 W. G. St., Pueblo, Colo.  
**REID & GREEN, INC.**, 319 Central Ave., Newark, N. J. (Garage, etc.)  
**RIDDLE, O. E.**, last address, Wink, Texas.  
**RIVIELLE, BETTY S.**, formerly at 19 W. 57th St., New York City.  
**ROSENTHAL-HARRISON INC., BERT**, 463 - 7th Ave., New York City.  
**ROBINSON, A.**, formerly located at 401 Bainbridge St., Phila., Pa.  
**RUSSO, THOMAS**, Thomas Russo Medical Institute, New York City.  
**SELLMAN, OTTO**, 127 W. 95th St., New York City.  
**SHERMAN, BENJAMIN**, 149 Halsted Ave., Mamaroneck, New York.  
**SIMON, CARL E.**, 233 E. 58th Pl., Los Angeles, Calif.  
**SKALA, J. H.**, doing business as Skala Cigar Co., 140 South Dearborn St., Chicago, Ill.  
**SORRENTINO, A.**, formerly doing business at 774 West Foraker St., Chicago, Ill.  
**SPELBERG, G. H.**, 726 E. 26th Ave., Denver, Colo.  
**SUPERIOR METAL SPINNING CO.**, 218 E. 42nd St., New York City.  
**TANNENBAUM, B.**, formerly of New York City, old-time Stamp Agent, lived at 66 Franklin St., Providence, presumably gone to New York City.  
**TEXACO SERVICE STATION No. 2**, Gastonia, N. C.  
**TOMASO, E. J.**, Roscoe Irving Pharmacy, 2232 Roscoe St., Chicago, Ill.  
**TUSH, FAY**, 2129 Church Ave., Brooklyn, N. Y.  
**VINELAND BEVERAGE CO.**, 606 Coney Island Ave., Brooklyn, N. Y.  
**WALLACE, H. P.**, formerly at Connellsville, Pa.  
**WATSON, JOHN A.**, Parker, Colo.  
**WEBB, L. W.**, grocery business formerly at Port Arthur, Texas. Last address Union or Union City, Tenn., or somewhere in Tennessee.  
**WELLS, MAX C.**, 5571 N. Washington St., Los Angeles, Calif.

**YETTER, FRED.**, 5515 Greenwood Ave., Chicago, Ill.  
**WILKINS, JAY S.**, formerly operating a drug store at 2059 Irving Park Blvd., and 827 Wilson Ave., Chicago, Ill.

## The Crook That Couldn't Be Caught

(Continued from page 38)

"But you know this town, Selma. What will people say?"

"I don't care what they say. And besides we are going to get married."

Sam changed suddenly, became boyish, enthusiastic. All the long day on the train, he poured sweet nothings into Selma's ear. It would be easy, he thought, to get hold of the ring in New York and lose her.

It proved harder than he had expected. Selma insisted on stopping at the Martha Washington. When Lucky said good night to her in the big reception room of that chaste hostelry, and left for his own hotel, he couldn't think of any good excuse to get the ring. The following morning, Selma went with him to a jeweler to have the ring cut down. Sam did the talking, and the ring was left in his name. Then he pleaded business regarding the real estate deal and promised to meet Selma at her hotel later in the day.

With a whole day to enjoy herself alone Selma set out to visit the places in New York she had always heard about. She went to the Metropolitan Museum of Art, the Woolworth building and the Aquarium, had lunch alone and then strolled aimlessly through the midtown streets, stimulated by the unaccustomed noise and bustle, and the crowds.

It was mid-afternoon when she found herself again in a familiar neighborhood. She recognized the jewelry store where they had taken the ring to be cut down. She decided to meet Sam there, when he came after the ring, instead of going back to the hotel.

"Mr. Martine has already called for the ring," a clerk told her. "He just walked out. There was a lady with him in a red dress."

Selma was not pleased. For the first time she became suspicious. Hurrying out of the store, she looked in vain for Sam Martine and the girl in the red dress among the passing throng. With a sinking heart, she turned to walk back to the hotel.

At the corner, a girl in a red dress was just getting into a taxi. The man who followed her was Sam. Traffic on Sixth Avenue was in its daily jam. Selma had no difficulty getting another taxi before Sam's cab started. She ordered the driver to trail the car ahead.

Sam's arm, Selma noticed, was around the girl in the red dress. Selma bit her lip. Presently Sam and the girl got out of their taxi, and Selma, discreetly following, got out too. She trailed them a block and a half to a pawn shop, and saw Sam go inside. Then she called a policeman.

What Lucky's girl friend said to Selma made her angry enough to prefer a charge of larceny against him. The police, recognizing Lucky, were not loath to hold him. Selma wired the bank to stop payment on the check, and the bank warned creditors of Martine's store. Two of the creditors called in the National Association of Credit Men, and it didn't take a Credit Protection Department investigator long to find out the truth about Lucky's disappearing stock of merchandise.

Very likely you read the rest of the story in the newspapers. Lucky wriggled out of the larceny charge.

Selma didn't want to press it, anyway, when her anger cooled. But the Credit Protection investigator uncovered a perfect case of concealment of assets in bankruptcy, as well as use of the mails to defraud. The judge, when made acquainted with Lucky's record, decided that mercy wouldn't give the proper seasoning to justice in his case. The sentence was five years, and Lucky, sojourning now at Atlanta, doesn't feel any too hopeful about his chances of parole.

### Preventing Credit Shake Up

(Continued from page 14)

of new mercantile buildings in the large cities. Their investment in such construction is so great that they demand earthquake along with fire, explosion and other lines as part of their regular protection. In many instances it is demanded by their mortgagees and by mortgage corporations who issue the bonds to finance the construction of the building.

The Seismological Society of America, estimating that four-fifths of losses resulting from earthquake are attributed to fire and one-fifth to earthquake, says, "Earthquake must

(Continued on page 46)

## Beware of Round Numbers

### In a Financial Statement

ASSETS:—	July 31	July 28	Sept. 8
Cash value stock on hand.....	\$3,500.00	\$3,000.00	\$4,500.00
Outstanding accounts good.....	4,000.00	3,500.00	5,000.00
Cash in bank.....	400.00	500.00	500.00
Cash on hand.....	300.00	1,000.00	
Machinery and fixtures.....	450.00	700.00	300.00
Other assets Truck.....	1,100.00	900.00	
Total available assets.....	\$9,750.00		
LIABILITIES:—			
For merchandise not due.....	700.00	900.00	1,500.00
Surplus .....	\$9,050.00		

FINANCIAL statements submitted to commercial agencies and directly to creditors in July, August, and September, gave the figures printed above. Although the cash in bank, on verification, was found to be virtually as stated, the Credit Manager interested in this account was suspicious of it because all the items were given in round numbers.

"It was noticeable also," said the Credit Manager, "that not one of the references given by the merchant was listed in the commercial agency books. On referring directly to these references I found that several of them had no experience on him. I decided to reject the order and was justified in so doing by subsequent events."

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# Answers to Credit Questions

National Association of Credit Men

One Park Avenue, New York

## Trade Acceptances

**Q.** Can the holder of a trade acceptance hold the sub-agent bank (the agent actually making the collection) of a bank with which the trade acceptance was deposited for collection?

**A.** There is no doubt but that the holder can hold the collecting bank where the latter has not used due care and diligence in making prompt presentment, demand and protest, in giving notice of dishonor, and in taking whatever steps are necessary to protect its customers' rights. The only question has been as to whether the holder can hold the bank, with which he originally deposited the paper, liable for the sub-agent bank's negligence.

In Pennsylvania, (whence this inquiry emanated), the rule is that an agent in employ of a sub-agent, is bound only to select one who is competent and worthy of trust, and to transmit the paper to him and, having done this, its duty is done, and the depositor must look to the sub-agent for any default of which he is guilty. (See *Hazlett vs. Commercial National Bank*, 132 Pa. 118. *Merchants National Bank vs. Goodman*, 109 Pa. 422.)

As to the collecting bank's liability, the only question is what is the measure of damages. The federal cases hold that the measure of damages for the failure of a bank to notify the owner of the non-acceptance or non-payment appears clearly to be the actual loss resulting from such failure, rather than the face of the paper and that, unless it can be shown that the instrument could have been paid if the holder had received prompt notice of non-acceptance and could have acted on his own account, the collecting bank will be liable for only nominal damages. (See *Merchants & M. Bank vs. Stafford National Bank*, Federal Cases No. 9438.)

In several Pennsylvania cases, a recovery for the full amount of the paper has been allowed but it is not entirely clear whether this was on the theory that the face of the paper was the measure of damages or that the actual damages had been shown to equal that amount. In *Bank of Commerce vs. Fischer*, 65 Pa. Super. Ct. 369, a collecting bank was held liable where it appeared that the bank had been negligent in respect to collecting the accounts and had given no notice of their non-payment to the owner until after a receiver in

## As To Legal Advice

**T**HE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the *Credit Monthly*. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved. —E. P. P.

bankruptcy had been appointed, the court laying down the rule that "a pledgee of commercial paper or accounts, who undertakes to collect them and hold them, is liable for loss resulting from negligence in failing to act promptly."

In *Wingate vs. Mechanics Bank*, 10 Pa. 104, judgment below, which was rendered under instructions to the jury to the effect that if a bank had undertaken to collect the note and had failed to perform its duty, to use due means for that purpose, and to advise the plaintiff of the state of affairs, and, if they were not paid, to return them within a reasonable time, then, there being no evidence, that the plaintiff could not have obtained payment by compulsory proceedings, the defendants were liable for the amounts, with interest—was affirmed.

From the facts stated, it would appear that the sub-agent bank had been guilty of negligence in making the collection or remitting the proceeds, but a more thorough examination might disclose that the bank had not been guilty of such negligence.

## Foreign Corporations

**Q.** Is it necessary to register in the various states to enable a corporation to protect its accounts therein?

**A.** The general principle of law applicable to the situation is that a corporation is permitted to carry on intrastate business within the limits of foreign states or countries only by virtue of comity and that each state has the privilege (which it has ex-

ercised), of prescribing the terms and conditions upon which foreign corporations may enter its borders. Every state has enacted statutes on this subject which uniformly require filing of reports and the payment of fees. Penalties for non compliance vary. Sometimes the penalty is fine and—or imprisonment, sometimes the foreign corporation which has not registered is forbidden to bring any suit in the state courts on any contract made in the state, and sometimes both of the foregoing penalties are prescribed.

The states, however, have no power to impose any restrictions upon interstate commerce and the above applies only to intrastate commerce as distinguished from interstate commerce.

The entire subject will be found discussed at length in the 1928 *Credit Diary and Manual of Commercial Laws*, beginning at page 292.

## Liability for Damages Under Conditional Sales Contract

**Q.** Can the seller of an automobile sold on a conditional sale contract be held liable for damages incurred in an accident which was the sole fault of the buyer?

**A.** The fact that the conditional seller of an automobile operated by the buyer for hire retains title in his name until the machine is paid for, does not render him (the seller) liable for the negligence of the conditional buyer, *Berry on Automobiles*, 5th Edition, Section 1314, page 983. This statement is propounded in *Coonse vs. Eeckhold*, 71 Ind. App. 663, 125 N.E. 416, where the Court also says that "There is no evidence that the appellant (the seller) had any control over the conduct of Frazier (the buyer) in operating the automobile, or that the buyer was required to make any report to him concerning the operating of the automobile for the business in which it was used. All the right the seller had in the matter was, in case the installments on the purchase price were not paid as they became due, to take possession of the car." This decision is cited with approval in *Whitney vs. Employers Indemnity Corporation*, Supreme Court Iowa, February 17, 1925, 202 N.W. 236 at page 239.



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## Preventing Credit Shake Up

(Continued from page 43)

be added to the risks of life in the cities of the United States."

Earthquakes are not confined to California, for New England has had its demonstration, with the most recent shocks so severe that many persons fled from their homes because of the vibrations. The Mississippi Valley is not immune, for severe earthquakes are recorded through that section as far back as 1811. A major earthquake occurred in Charleston in 1886.

The Engineers Economics Foundation states that 170,000 earthquakes have occurred in 100 years and that during the past few years there have been more earth movements than for over thirty years. The fuel fields are principally under heavy strain. And in every earthquake catastrophe, such as the latest one in Tokio, the records show that one person out of every four has been killed or maimed for life. *The losses in life and money due to earthquakes has been more severe than the war losses.*

Earthquake insurance has come to

stay as a permanent form of insurance protection, but the rates and forms will undoubtedly be adjusted and readjusted many times in the future. In the meantime the Credit man should have some general knowledge of this form of protection for at times it may be vital to the protection of his interests.

## Collector Owned Cars

(Continued from page 24)

ately places himself in a position where it can be charged that he is, in fact, the responsible principal and that his independent contractor defence is a mere subterfuge.

Two common defences, both of them fallacious and worthless in court, are, "The collector was operating the car contrary to our orders," and, "We have an agreement with the collector whereby he assumes liability for accidents."

The first of these two can be disposed by reference to *The Little Miami Railroad Co. vs. Wetmore*, referred to earlier in this article, and to the following cases:

*Smith et ux. vs. Yellow Cab Co.*, et al., 180 N. W. 125; *Cobb vs. Simon*, 97 N. W. 276; 100 Am. St. Rep. 909; *Gray vs. Chi. & N. W. Ry. Co.*, 142 N. W. 505; *Bergman vs. Hendrickson*, 82 N. W. 304; 80 Am. St. Rep. 47; *Schultz vs. LaCrosse City Ry. Co.*, 113 N. W. 658; *Wilson vs. Noonan*, 27 Wis. 598; *Ratliff vs. Chi. M. & St. P. Ry. Co.*, 141 N. W. 229; *Johnston vs. Chi., St. P., M. & O. Ry. Co.*, 130 Wis. 492. See also cases reported in Am. Dig., Cent. Ed., Vol. 34, Sec. 1272.

The second is equally fallacious because the law will not permit any two parties to get together and dispose of the legal rights of a third party who, as yet, has no voice in the matter. An employer may contract with his employee to the end that the employee must reimburse him for any losses arising out of the employee's operation of the car; such a contract could not, of course, become operative until after the employer had been successfully sued—which isn't very nourishing. Even then his employee might easily dispute the pact's validity.

How can this employer-liability be minimized or eliminated?

## "Safety First"

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(Continued on page 49)



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# Court Decisions and Washington Notes

Formerly Distributed as the *Vigilantia Bulletin* by the National Association of Credit Men.

## BANKS AND BANKING

National Banks. Whether National Bank Was a Foreign Corporation Within the Statutory Provisions of Arizona Requiring such Corporations to Qualify Prior to Doing Business Therein.

This was an action by a Massachusetts National Bank on certain promissory notes executed by a resident of Arizona and alleged to have been executed in Arizona. The defense was that the bank was a foreign corporation and had not complied with the laws of Arizona which would authorize doing business in that state and that it could not, therefore, maintain this action. Section 2226 of the Arizona Civil Code provided that "any company incorporated under the laws of any other state, territory or any foreign country" must file certain papers appointing an agent and paying a license fee before doing business in the state. Section 2228 makes void any act done by such a corporation prior to such qualification.

Held, that plaintiff could recover. The court said that a national bank is not a foreign corporation within the terms of the constitutional and statutory provisions of Arizona referred to; nor is it an association incorporated under the laws of any other state or territory. That there was nothing in the phraseology of the statute (par. 2226, supra) which indicated an intention to classify national banks created by national law as foreign corporations. That the words "foreign country", when given their usual and simple significance, meant a country exclusively within the sovereignty of a foreign nation and without the sovereignty of the United States; (De Lima vs. Bidwell, 12 U. S. 1), and that in the absence of unmistakably clear language, it will not be found that the state has attempted to exercise a regulatory power over national agencies established in aid of governmental purposes.

*Steward vs. Atlantic Nat. Bank of Boston* (63237) U. S. Cir. Ct. of Appeals, For the Ninth Cir. Decided July 2, 1928.

\* \* \*

## BANKS AND BANKING

Bankruptcy. Whether Payment of Corporation's Note By Officers with Knowledge of Insolvency Was Nullified by Section 15 New York Stock Corporation Law.

Suit by the trustee in Bankruptcy of a New York corporation to recover the sum paid to defendant bank by the bankrupt in payment of its two unmatured notes. The notes were endorsed by the bankrupt's president and treasurer individually and matured respectively on December 18 and 29. On December 10 these two officers, knowing of the insolvency of their corporation and intending to prefer the bank, drew a check to the order of the bank and delivered it in payment of the corporation's notes. It was received in the regular course of business and charged against the bankrupt's deposit account in the bank on the following day, the bank acting throughout in good faith and without knowledge of the financial difficulties of its depositor. This action was brought under Section 67e of the Bankruptcy Act on the theory that the payment was nullified by Section 15 of the New York Stock Corporation Law. This provided that no payment, assignment or transfer made by any officer when a corporation is insolvent or insolvency is imminent with the intent of

giving a preference to any particular creditor shall be valid. It further provided, however, that no such payment, transfer or assignment should be void in the hands of a purchaser for a valuable consideration without notice. Defendant contended that it was within the protection which the statute accorded to purchasers for a valuable consideration without notice. This court, reversing the lower court.

Held, that plaintiff could recover. The court said that the deposit of money by an insolvent with intent to give the bank a set off in order to effect a preference fell within the prohibitions of Section 15; that innocence of the creditor was immaterial; and that here the bank by accepting payment of the notes and surrendering them to the maker did not release the endorsers and did not become a purchaser for value.

*Kolkman vs. Manufacturer's Trust Co.* (64571) U. S. Cir. Ct. of Appeals, 2nd Cir., (New York). Decided July 24, 1928.

\* \* \*

## BANKRUPTCY

Action. Conclusiveness in Bankruptcy Court of Money Judgment Against Bankrupt Rendered Pending Bankruptcy After Notice to Trustee But Without His Participation When He is Not Made a Party By Trial Court Nor Directed to Defend by Bankruptcy Court.

Claimant had sued a corporation in a state court for the value of certain material. A month after commencing this suit the corporation was adjudged a bankrupt and claimant filed his proof of claim in bankruptcy. Three years later claimant set his case down for trial, notifying counsel for bankrupt and counsel for the trustee in bankruptcy. These counsels appeared in court but declined to participate in the trial. Claimant proceeded with the trial nevertheless and obtained a verdict, no one contesting it, and a judgment against bankrupt. He amended his claim in the bankruptcy case by setting up this judgment. This court, saying that the authorities on the subject were not clear or consistent.

Held, that the judgment of the Referee sustaining the judgment as a valid claim must be reversed and the referee directed to consider the claim without reference to its adjudication by the state court. Section 63-a of the Bankruptcy Act deals with provable claims naming as such "debts which are a fixed liability" (5) founded upon provable debts reduced to judgment after filing of the petition and before the consideration of the bankrupt's application for the discharge. The provable debts reduced to judgment after the filing of the petition mentioned in Section 63-a (5) include only provable debts reduced to judgment after the filing of the petition pursuant to the provisions of the Act. This would exclude judgments by default, without notice to the trustee, and judgments rendered under the circumstances of this case.

In re *Barret & Co.* (62458) U. S. Dist. Court, Southern Dist. of Georgia. Decided June 21, 1928.

\* \* \*

## CHattel Mortgage

Druggist gave a chattel mortgage to defendant Bank on his stock of drugs and the trade fixtures in his store. The mort-

gage was filed with the city clerk but not in the office of the register of deeds. Held that it is quite patent that it was the legislative intent to require the filing of the chattel mortgage in the office of the register of deeds when and only when it covered property which had been purchased for resale at retail, there is no testimony tending to show and no claim made that the trade fixtures were purchased for that purpose. The trial court correctly concluded that the chattel mortgage was valid as to the trade fixtures and invalid as to the stock of drugs. Its partial invalidity did not affect its valid portions. *McKerregan vs. Alpena National Bank*, Sup. Ct. Mich. (64088). Decided July 24, 1928.

\* \* \*

## CONTRACTORS' BONDS

Insurance. Contract. Gasoline and Oil. Whether Gasoline and Oil Furnished by Contractor in Construction Work were Liable Materials.

This was an action on a contractor's bond for the faithful performance by the contractor of a sewer construction job. The bond obligated the contractor and defendant surety company to "pay for all labor performed or furnished, and for all materials used in the carrying out of said contract." During the progress of the work the contractor encountered considerable rock which was removed by placing charges of dynamite in holes drilled into the rock by compressors. Excavating machinery was used in digging the trench in which the sewer pipe was laid. Gasoline pumps were used in pumping water from the trench and hoisting machines for the disposal of the excavated material. In all of these operations machinery was used by the contractor which required gasoline as fuel and oil as a lubricant, and plaintiff had supplied the same. This Court saying that the precise question had never been before it.

Held, that plaintiff could recover, for under this court's construction of the Mechanics and Materialmen Statute in *Fidelity and Deposit Company vs. Hege-wald*, 141 Ky. 790, 139 S. W. 975, gasoline and oil when furnished to generate power and lubricate machinery employed by the contractor in construction work were liable materials. To hold otherwise would not comport with the view that the statute should be liberally construed to which view this court was committed. Held, further, that in view of the conclusion that plaintiff's claim was lienable it was unnecessary to consider whether an action could be maintained on the bond if the claim had been non-lienable.

*Mid-Continent Petroleum Corp. vs. Southern Surety Co.* (62509) Kentucky Court of Appeals. Decided June 22, 1928.

\* \* \*

## INSURANCE

Fire. New York Standard Policy. Construction of Clause Exonerating Insurer from Loss Occurring While Hazard is Increased.

This was an action on a New York Standard fire insurance policy. The policy contained the following provision: "Unless otherwise provided by agreement in writing added hereto this Company shall not be liable for loss or damage occurring- (b) while the hazard is increased by any means within the control or knowledge of

the insured." The defense was that the hazard was increased by the installation and operation by the insured of a still in the cellar of the premises and that the fire in question occurred while such increased hazard existed. The question of increased hazard was submitted to the jury and after some deliberation the foreman asked the Court whether the policy would be voided by the operation of the still prior to the fire. Thereupon the Court charged that the policy would not be void unless the cause of the loss was fire from the still. This Court, reversed the judgment for plaintiff, and

Held, that a new trial should be granted, for the jury charge was erroneous. The policy in question provided that the company should not be liable while the hazard was increased. The Court said that if the increase in the hazard had terminated, the policy would still remain valid and in force. That it was only while the hazard was increased that the company was not liable for a loss. The jury might have found that the hazard was increased and the still in use, but that it did not cause the fire. Under such a finding there could be no recovery, as the defendant was not liable while the increased hazard existed, even though it did not cause the fire. *Filardo vs. Nat. Union Fire Ins. Co.* (62767) N. Y. Supreme Court, App. Div., 4th Dept.

#### Sales

##### TITLE

Held that where a vendor makes a conditional sale of goods to a buyer with express or implied authority to resell same, the vendor will not be permitted to maintain title thereto as against a person who buys in the ordinary course of trade from the buyer. *Buchanan vs. Commercial Investment Trust Co.* Sup. Ct., Ark. (62605) Decided June 18, 1928.

##### BULK SALES LAW

What may be regarded as perishable food products, exempt from the operation of the Bulk Sales Law, depends upon the circumstances of each particular case. Butter and cheese are no more perishable food products than fruits and vegetables. No one would contend the keeper of a fruit store was exempt from the operation of the Bulk Sales Law. If defendant corporation owed creditors, why should it be permitted to sell its stock of merchandise and fixtures in bulk and defraud them? Clearly it should not. It bought and sold for daily profit, milk and milk products. It merchandised these things. Held that defendant corporation was within the terms of the Bulk Sales Law. *Patmos vs. Grand Rapids Dairy Co.* Sup. Ct. Mich. (6450).

##### BANKS AND BANKING

Negotiable Instruments. Checks. Liability of Bank Collecting Proceeds of Checks Fraudulently Endorsed.

This was an action to recover the amount of certain checks alleged to have been converted by the defendant bank. Plaintiff corporation had an account with a National Bank and all checks were required to be signed by plaintiff's president or its secretary. Plaintiff employed one C whose duties were that of bookkeeper and cashier. He had no authority to cash, endorse, handle or dispose of checks except to deposit all checks, which he stamped with a rubber stamp indicating that the checks were for deposit in the National Bank. C, deciding to embezzle some of plaintiff's funds, took some of its

checks and affixed another rubber stamp of the plaintiff's corporate name to said checks, writing underneath his own name preceded by the word "By". He cashed these checks at certain retail establishments which deposited them in the defendant bank which collected the proceeds from the savings banks on which they were drawn. When the plaintiff discovered these facts it sued defendant bank on the theory that by collecting the proceeds of the checks the bank had in law been guilty of conversion.

Held, that plaintiff could not recover. The court said that here the endorsement was made by one having no authority, under any conditions, to endorse the checks belonging to the corporation; that the bank stood in the same position with regard to the endorsements as the stores where the checks were cashed; that the parties cashing them had no right to assume that, because C was employed by the plaintiff, he also had authority to endorse and cash its checks. The court stated the rule to be that a bank or other corporation, or an individual, who has obtained possession of a check upon an unauthorized or forged endorsement of the payee's signature, and who collects the amount of the check from the drawee, is liable for the proceeds thereof to the payee or other owner, notwithstanding they have been paid to the person from whom the check was obtained. Held further, that neither the good faith of the bank or its lack of notice was material in cases of this character. *California Stucco Co. vs. Marine Nat'l Bank* (64275) Supreme Court of Washington, Dept 2. Decided July 9, 1928.

### WASHINGTON NOTES

These notes are supplied by George C. Shinn, Wilkins Building, Washington, D. C., representative of the National Association of Credit Men at the Capital.

#### Wholesale Dry Goods

##### Distribution Costs

The Domestic Commerce Division of the Department of Commerce is making a study of the distribution costs in the wholesale dry goods trade. This bureau has already made a study of the costs of wholesale distribution of hardware and the cost of retail selling and the results of these investigations are available for free distribution. Studies are also being prepared in the wholesale and retail grocery sales.

These studies consider the distributor's problems in respect to commodities, costs and customers. For example, commodities are studied to distinguish slow-moving items from those with a profitable turnover in relation to their proportion of inventory outlay and space.

Information on this subject may be obtained from the Domestic Commerce Division, U. S. Department of Commerce, Washington.

#### How to Use Statistics

According to Mortimer B. Lane of the Census Bureau, the practical application of current statistical information by American business men has been one of the outstanding factors in our generally sustained prosperity during the last five years. Periods of similar commercial and indus-

trial activity have as a rule been characterized by more or less violent fluctuation. Mr. Lane has cited over a thousand specific instances of the use of statistics in business and he presents suggestions as to how these figures may be used to the best advantage. The small business man, particularly, is benefitted through the use of current statistics which he could not hope to obtain single handed.

Almost all important business organizations now make use of statistical information for the guidance of their respective activities, including such important industries as the textile, machinery, oil, leather, automobile, chemical, lumber, food products, advertising and insurance. The meaning of the various statistical terms is explained, with examples of their interpretation, taken from the experience of business firms.

Copies of "How to Use Current Business Statistics" may be obtained at 15 cents each from the Superintendent of Documents, Government Printing Office, Washington.

\* \* \*

#### Wholesale Prices, July, 1928

The general level of wholesale prices in July was slightly higher than in June, according to information collected in representative markets by the Bureau of Labor Statistics of the U. S. Department of Labor. The bureau's weighted index number, computed on prices in 1926 as 100.0 and including 550 commodities or price series, stands as 98.3 for July compared with 97.6 for June, an increase of approximately  $\frac{3}{4}$  of 1 per cent. Compared with July, 1927, with an index number of 94.1, an increase of nearly  $\frac{4}{5}$  per cent. is shown.

\* \* \*

#### Tax—Conditional Sale

Where a dealer sold jewelry at retail within the meaning of section 905 of the Revenue Acts of 1918 and 1921 and section 604 (a) of the Revenue Act of 1924 and took a conditional sale contract securing payment of the selling price in full, the tax is measured by such full price, whether or not it is collectible.

\* \* \*

#### Status of Bills for New Judgeships

Several bills providing for additional judges in the District courts of the United States failed of passage, but will be pending for action at the next session of Congress. They are: H. R. 9200, providing for three additional judges for the Southern District of New York; H. R. 5774, providing additional judges for the Eastern District of New York; H. R. 8551, providing for additional judges in the District of South Dakota, and H. R. 1139, providing for additional judges for the Second Judicial Circuit.

It appeared that the trustee, in his return as such, claimed certain deductions for exhaustion and wear and tear of the depreciable assets of the trust estate, but in making distribution to the life beneficiary paid over to her, not only her portion of the net income as shown by his return, but also her proportion of the amount deducted for depreciation. The court held that the life beneficiary was taxable under the Revenue Act of 1918, on the entire income received by her without deduction for losses suffered by the corpus of the estate during the year. In short, the Court's decision holds in such cases that the capital losses fall upon the reversioners or remaindermen and not upon the life tenant.

## Collector Owner Cars

(Continued from page 42)

upon careful driving, periodical inspection of brakes, elimination of cars too old to be safely operated . . . all of those steps that are generally known and recognized as being essential to any program whose end is the avoidance of accidents.

The possibilities of legal entanglements can be entirely eliminated, of course, by proper and adequate insurance. The coverage required to afford complete employer-protection is available in three broad forms:

1.—CONTINGENT LIABILITY INSURANCE: Insurance issued under this policy form protects the employer while the collector's car is being used for business purposes; it does not cover the collector himself. It is generally the most economical form, being issued at variable rates in accord with the individual uses of the cars involved.

2.—BLANKET INSURANCE: Insurance issued under this policy form protects both the employer and his collectors. The employer may apply and pay for this policy (the individual cars, with the names of their drivers, being listed therein) but it is usual for employers to prorate the charges between themselves and the car-owners in proportion as the cars are used for business purposes.

3.—INDIVIDUAL'S INSURANCE: Policies secured by collectors for their individual protection will automatically protect their employers also. The employer need not be specifically named as an additional interest, but in the interest of safety he should be named.

Sight should not be lost of the fact, particularly in those States where Workmen's Compensation Laws are not operative, that the employer can often be held liable by his employees for injuries sustained by the latter while operating or maintaining his car for business uses. A Connecticut employer was recently ordered to pay an employee \$20 weekly for 312 weeks to reimburse the employee for injuries suffered on a Sunday while he was engaged in cleaning his car to—he stated—put it into commission for his principal's week-day service.

Workman's compensation coverage will, of course, protect an employer against such claims. But in those States that have no compensation laws, employers should see to it, through the purchase of Employers Liability insurance, that their automobile insurance policies protect them against accidents to their employees, as well as mishaps to the general public.

There are probably at least 20,000,000 passenger cars in operation today. A high official of one of the General Motors distributing organ-

## As real a hazard as fire . .

ANNUAL losses in excess of \$200,000,000 prove that dishonesty is just as real a hazard as fire and almost as costly.

From the credit manager's point of view, therefore, propositions involving the extension of credit to firms whose employees are not bonded in adequate amounts, should be regarded in the same light as those concerning firms which do not carry adequate amounts of fire insurance.

Fidelity bonds and fire insurance are in the same category and both are equally indispensable for complete security.

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izations recently estimated that fully 80 per cent. are used wholly or now and again for business purposes. The casualty companies tell us that only 25 per cent. of all cars are covered with any form of liability protection. This means that in the neighborhood of 12,000,000 automobiles, used by their owners—collectors, salesmen, or other company employees—entirely or partly on business matters, are without the slightest protection and nothing stands between their owners, and

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their owner's employers, and a lawsuit that may be catastrophic in its effects.

The possibilities of accident are too great, the verdicts being rendered are too large, for credit executives to look upon the collector-owned car with anything but cautious eyes.

### Pleasant?

"NEXT to making a sale, the most pleasant experience," says the business philosopher William Feather, "is collecting the money."

## Deferred Payment Risks

(Continued from page 16)

price of the articles sold and delivered."

### Cost Varies

Deferred payment insurance provided distributors has its monthly rates based on a one-twelfth proportion of an annual rate which would be commensurate with an average rate applying on such properties. The rate varies according to the commodities insured, and the hazards insured

against. There is also a slight "loading" in this rate to take care of the additional hazards assumed in protecting the goods while in transit from the store to the purchaser.

The deferred payment insurance policy, the President learned, was excess insurance and applied only after any specific insurance applicable to the risk was exhausted. The policy covered only on the property of the merchant when leased, loaned, rented or sent out on approval for a period not to exceed a certain length of time as stipulated in the contract. It protected against loss by fire while in the purchaser's quarters. It could also be extended to include the hazards of tornado, explosion, water damage, earthquake and other perils. These additional hazards called for additional premium. Then while in transit by railroads or while on trucks or by railway express loss was assumed against fire and lightning, tornado, flood, accidental collision of the vehicle carrying the property with any other vehicle or object, the overturning of the vehicle, collapse of bridges, theft of the entire property being delivered, and breakage if the amount exceeded twenty-five dollars.

### What the Policy Does Not Cover

"What does the policy exclude—if anything?" asked the President.

"Well, it limits for fifteen days the covering of any property in theatres, concert halls or amusement resorts," replied the Credit Manager. "The only absolute exclusions are found in the company's not assuming any damage caused by any inherent hazard in the machine itself. For example, they state if we were to include oil burners in our line and there was an internal explosion leading to an internal fire which damaged the burner, we would not be covered. (If the dwelling in which the burner was installed caught fire and consumed the burner, or if the fire originated in the burner and spread beyond its confines, then the policy would function.) Outside of that there are no exclusions to mention other than the usual war risks found in all insurance policies."

"I guess we've found the way to handle the problem," remarked the President.

# NOW

## Not at the End of the Fiscal Year

Big business, operating on close margins, has found it unsafe to wait until the end of the fiscal year to take inventory, determine profit and loss, and complete the balance sheet.

Big business has proved, both for itself and smaller business, the absolute necessity of *knowing*, exactly, NOW, daily, or at least once a month, the extent of profits and progress.

The current trend of sales and production, used as an indication of what to expect at the end of the fiscal year, is, "generally speaking," "fairly accurate." But "generally speaking" is not accurate enough.

The only safe and constant basis for executive decisions is *timely and exact knowledge*—knowledge best derived from the frequent comparison of operating results with a well-planned budget.

"NOW, not at the end of the fiscal year" means the prompt correction of mistakes, elimination of loss, and *protection* of profits.

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# One Month's Convictions

(July, 1928)

Obtained by the Credit Protection Department of the  
National Association of Credit Men

CASE	PERSONS CONVICTED	CHARGE	SENTENCE
National Brand Clothes New York City (Textiles)	S. Rubinstein Abraham Katz	Violation of 29B and 37	6 months Suspended
D. Guardincerri New York City (Textiles)	Jacob Fierman Wm. Heerin	Use of mails in a scheme to de- fraud	Deferred Deferred
Rubinstein Bros. 38 W. 32nd St., New York City (Textiles)	Bernard Rubinstein Harry Rubinstein Albert Janower Aaron Finkelstein	Conspiracy to conceal assets in bankruptcy	1 year and 1 day 3 months suspended suspended
Westchester Supply Co. New Rochelle, N. Y. (Groceries)	Thos. Sanders Dave Schoenberg Max Sanders	Conspiracy to conceal assets in bankruptcy	1 year and 1 day 1 year and 1 day 1 year and 1 day
Franklin Silk Mills Paterson, N. J. (Textiles)	Louis Toback Geo. Wenger Jacob Berenzweig	Conspiracy to conceal assets in bankruptcy	Deferred Deferred Deferred
Edwardo Iandoli Boston, Mass. (Retail Provisions)	Edwardo Iandoli	Concealment of assets	Sentenced to two years and fined \$1,000. Sentence suspended and placed on probation for two years
Berman & Lazarus Worcester, Mass. (Dry Goods and Shoes)	Morton B. Lazarus	Violation of Postal Laws	Sentenced to two years and fined \$500. Sentence suspended and placed on probation for two years

Total Convictions June 1, 1925, to July 31, 1928—519

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## THE NATIONAL INSTITUTE OF CREDIT

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## REVISED REQUIREMENTS

In response to the wishes of the Educational Committees of many local Associations, the National Institute of Credit has made important changes in the program of courses required for its Junior and Senior Certificates. The new requirements, which are effective immediately, are set forth in the box in the center of this page.

## ORGANIZATION of CHAPTERS

One of the Association's chief objectives for the year 1928-29 is the establishment of a large number of new Chapters of the Institute. The Director of the Department of Education and Research will, by direction of the Executive Manager, spend much of his time in the field, assisting local Secretaries and Educational Committees in Chapter organization work. The Officers and Directors of the Association desire particularly to bring into the National program a number of important locals which have been conducting credit courses but which have not organized Chapters of the Institute.

## REGISTRATION

In order to give each Chapter member a direct contact with the Institute and to enable the Institute to be of the greatest possible help to its students, a new system of registration will be put into operation. Special registration forms in duplicate will be furnished to the Chapters at cost. The original is to be sent to the National Office and the duplicate retained as part of the Chapter records. At the end of each course the Chapter Secretary will certify to the National Office the grades of all students completing the course. Course cards will then be issued over the signature of the Director of the Department.

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An enlarged and improved Certificate will be issued to students who qualify under the Junior and Senior program s. These will be engrossed,

suitable for framing, and will carry a seal and the signatures of the Executive Manager and the Director of the Department, as well as those of several other local or National officers of the Association. A nominal fee, sufficient to cover the cost of engraving, engrossing and mailing, will be charged for the Certificates.

## JUNIOR CERTIFICATE

	Hours
Credits and Collections	30
Financial Statement Analysis	30
Business English (emphasizing Credit and Collection correspondence)	30
Economics	30
<b>Total</b>	<b>120</b>

## SENIOR CERTIFICATE

Business Law	30
Merchandising	30
Public Speaking	30
Advanced Credits	30
<b>Total</b>	<b>120</b>

## ASSOCIATES AND FELLOWS

Recognition of experience, in addition to educational training, will be continued. Students who have been awarded the Junior Certificate and who have had three years of practical credit experience become Associates of the National Institute of Credit. Students who have been awarded the Senior Certificate and who have had five years of practical experience become (provided they are at least 25 years of age) Fellows of the National Institute of Credit.

## TEXTS

For the year 1928-29, Chapters will choose their own texts in all courses except Public Speaking,

in which the Institute will provide the text. By the fall of 1929 the Institute will, in all probability, provide its own text also in Credits and Collections. Other Institute texts will be added as rapidly as possible.

## CORRESPONDENCE COURSES

The Institute now offers two correspondence courses: Credits and Collections, and Basic Economics. The material in each course consists of a text book, printed lecture assignments, and problems to be solved and sent to the Director of the Institute for correction and grading, after which they are returned to the student with grade and comments.

The text in the Credits and Collections course is the original edition of "Credits and Collections," by David E. Golieb and Richard P. Ettinger. In the Basic Economics course the text is Henry Clay's "Economics for the General Reader" (the American edition, edited by Professor Eugene E. Agger).

The courses are \$20.00 each, or \$35.00 if taken together. This is at cost. Students who wish full information concerning the correspondence courses should fill out and mail immediately the coupon at the lower left-hand corner of this page.

# Fire Prevention—A Credit Problem All Must Co-operate to Solve

By Frank A. Fall

Secretary, National Committee on Fire Insurance and Prevention, N. A. C. M.

**W**ASTE, the ancient enemy of business progress, is being fought more vigorously every year. Waste in production is being eliminated by simplification and standardization. Waste in distribution is being met by such organized movements as the National Distribution Conference and the National Wholesale Conference sponsored by the Chamber of Commerce of the United States. And the worst waste of all,—that of thousands of lives and more than a half billion of dollars annually by fire,—is being attacked through a nation-wide campaign in which the National Association of Credit Men is glad to have an active part.

Fire insurance and fire prevention are in a considerable degree, although not exclusively, credit problems. The Credit Manager is vitally interested in the nature and extent of the coverage which his customers carry on their stock, equipment and buildings, and he should be alive also to the measures taken by his customers to prevent loss by fire in the premises they control. Insurance coverage is essential, but preventive standards and practices which make fire loss impossible are far better from the credit point of view.

## National Association of Credit Men Co-operates

The machinery of the National Association of Credit Men for use in this important campaign against fire waste is centered in the National Committee on Fire Insurance and Prevention. The Chairman of the Committee for 1928-29 is Charles E. Meek, who was the Association's Secretary-Treasurer from 1905 to 1911, and is now Assistant Vice-President of the Chemical National Bank of New York.

The work of the Committee is carried on largely through co-operation with the leading fire prevention organizations, such as the National Fire Waste Council, the National Fire

Protection Association and the National Board of Fire Underwriters. The Secretary of the Committee acts as the Association's contact man with these organizations and takes an active part in the work of their committees.

In the National Fire Waste Council, which has stated meetings in Washington in March and September of each year, the Association's representative is a member of the Executive Committee and Chairman of the Standing Committee on Fire Casualty Statistics. In the National Fire Protection Association, our representative is a member of the Committee on Protection of Records, and Chairman of the Sub-committee on Education.

We have co-operated with the National Fire Protection Association also in their campaign to secure the enactment of a model arson law in the various states. Thus far the secretaries and members of local Credit Men's Associations have responded loyally in 24 states, and the campaign has been successful in 14 of them. Franklin H. Wentworth, Managing Director of the N. F. P. A., has gone on record to the effect that in some of these states the campaign could not have been won without the arguments and representations made to the legislators by the National Association of Credit Men.

In the local Associations, the situation must be characterized as somewhat "spotty." Not all the Associations have active Fire Insurance and Prevention Committees. In the hope of increasing the interest in fire insurance and prevention matters the National Committee has formulated the functions of local Fire Insurance and Prevention Committees as follows:

## Functions of Committee

1. Co-operation with the National Fire Insurance and Prevention Committee in all matters of legislation and publicity.
2. Co-operation with national fire prevention organizations, such as the National

Fire Waste Council (headquarters, United States Chamber of Commerce Building, Washington) and National Fire Protection Association (headquarters, 40 Central Street, Boston; managing director, Franklin H. Wentworth).

3. Co-operation with local fire-fighting agencies, such as fire departments, and fire-prevention agencies, such as local committees of Chambers of Commerce.

4. Reporting to Secretary of National Fire Insurance Committee, One Park Avenue, New York, of any significant local developments in fire insurance and prevention work, so that other local committees may be notified by letter, bulletin or articles in the CREDIT MONTHLY.

5. Conducting of inspection trips to discover fire hazards, or co-operation with fire departments, Chambers of Commerce, or Schools already engaged in such inspection.

6. Advertising of Fire Prevention Week and securing of speakers to make addresses before and during the week. In this, the National Board of Fire Underwriters (85 John Street, New York) will co-operate by supplying printed material. The annual insurance number (October) of the CREDIT MONTHLY, issued just before Fire Prevention Week, should also be used to stimulate interest in the Week, and in the fire prevention program generally.

## What Christmas Means

**"A**ND what does Christmas mean to me now?" tearfully asks President Gleason of a greeting-card company in J. P. McEvoy's novel "Show Girl." "It means that 18 months before it comes off, I'm going to worry whether some other outfit is going to get out a line with tissue-lined envelopes for five cents retail, and how many of the old dies can we hold over and stamp on new stock, and are we going to get any more of that Italian hand-made paper. And one year before, I'm worrying all about the sample line getting out on time, and six months before, how orders are coming in and three months before, how re-orders are coming in. And about Christmas when all should be peace on earth and good-will to men, I've forgotten all about angels and camels and Wise Men and am wondering what the hell's the matter with collections. What a business!"



*[ Experience is a dead loss if you cannot  
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All changes and revisions in Federal and State Laws which may be vital to the conduct of your work, are recorded in the Manual.

The Manual answers those questions as to the rights and obligations of creditors and debtors in the various states that constantly present themselves in credit, collections and sales work. The 1929 edition is handsomely bound in an attractive shade of red cloth, with buff-toned diary pages that contain notations of holidays, interest dates, tax payment, and corporation report dates, etc.

### New Features Never Before Published In the Manual:

- A Comprehensive Treatise of Bulk Sales Law.
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- Fire Insurance Policies.  
(Too often following a loss by fire, the assured discovers that, through his own carelessness or that of his broker or, through a misconception of the provisions of his policy, he is absolutely without protection).
- Categories of Commercial Crime.
- Aspects of Foreign Credits.

Other contents: National Bankruptcy Law, Conditional Sales, Negotiable Instruments, Acceptances, Mechanics' Liens, Exemptions, Bad Check Laws, Chattel Mortgages, Statutes of Fraud, etc.

### There are certain things you must do when you—

- Receive an Order
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- Are Faced With A Breach of Contract
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The Credit Manual not only tells you what can be done in each of these steps but also tells you what is the best thing to do. There will be no tripping over legal difficulties with a copy of the 1929 Manual on your desk.

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# The White

**C**OTTON is one of America's great assets. A considerable loss of it might affect manufacturers, retailers and consumer everywhere. The White Fireman, therefore, has not overlooked cotton protection as a part of his all-inclusive loss-prevention service.

In the last decade he has effected improvements in the fire-safeness of a thousand warehouses at cotton concentration ports. 44,000,000 square feet of sheds have been constructed to reduce the hazard of fires from sparks. 48 miles of fire walls have been erected to minimize the number of bales subject to a single fire. 140 miles of water mains, 75 miles of fire hose, thousands of hydrants and hundreds of automatic sprinkler systems have been added to fire-fighting equipment.

That the White Fireman's work has not been in vain is evidenced by the fact that the average annual cotton loss for the past five years was considerably lower than for the preceding five years.

~ ~ ~ ~ ~

**T**HE White Fireman symbolizes the Loss-Prevention Service supported by insurance companies. This service includes: Consultation on proposed structures, that they may be as fire-safe as possible. Inspection of property, with recommendations for the reduction of fire hazards. Maintenance of the Underwriters' Laboratories for the testing of building materials, the practical trial of fire extinguishers and other protective equipment, the examination of electrical apparatus and materials. Various other kinds of technical assistance for the furtherance of property conservation. The North America Agent will tell you how to secure this valuable service.

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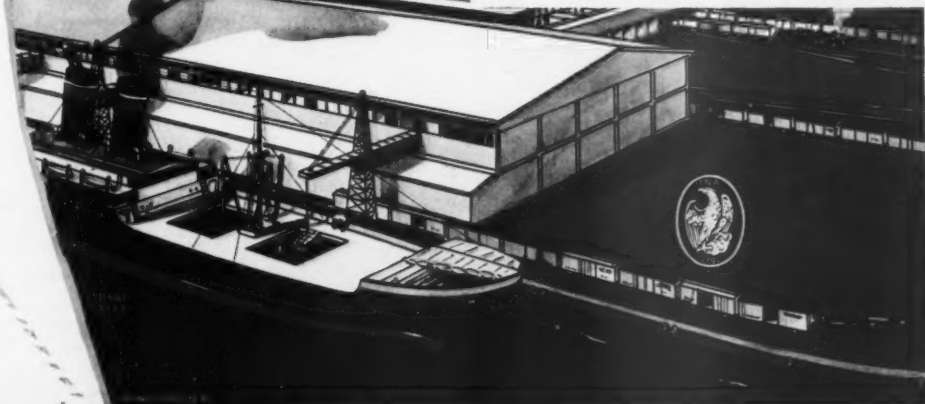
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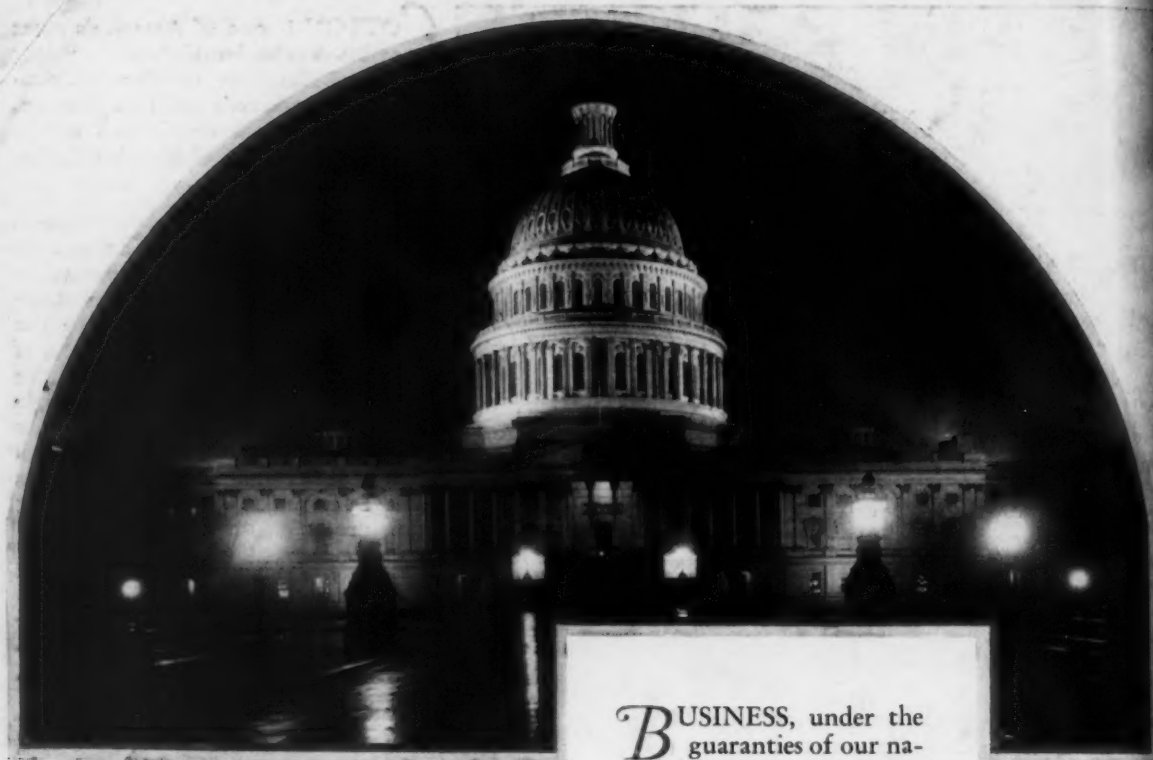
## Indemnity Ins. Co. of North America

*write practically every form of insurance except life*

The Oldest American Fire and Marine  
Insurance Company—Founded 1792



Property Owners may Secure Loss-prevention Service through Responsible Insurance Agents



Harris & Ewing, Washington

*B*USINESS, under the guaranties of our national Constitution, offers equal opportunity for all.

But business progress depends upon the conservation of resources, which only Insurance in its ever broadening scope can definitely secure.

A symbol of the soundest protection is the Red Royal Shield on an insurance policy.



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